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MARKET SEGMENT REPORT **PIZZA** PAGE 127

Restaurant Business

A BILL PUBLICATION

NOVEMBER 1, 1988

DAVID TALLICHET ▶
PRESIDENT AND CEO

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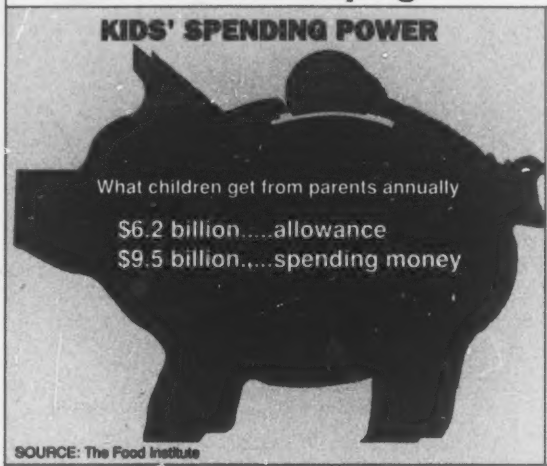
SENIOR VICE PRESIDENT

SPECIALTY RESTAURANTS

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

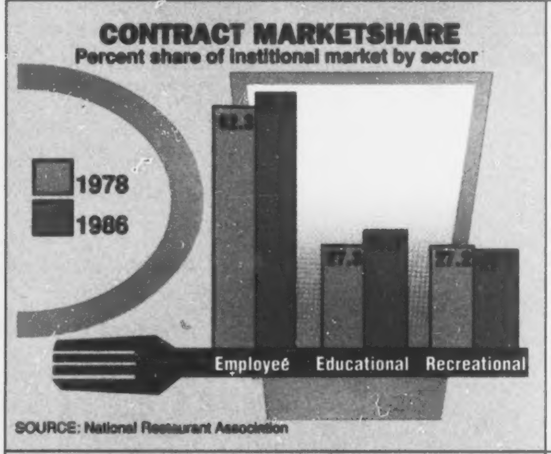
By Howard Riell



SOURCE: The Food Institute

It's All Child's Play

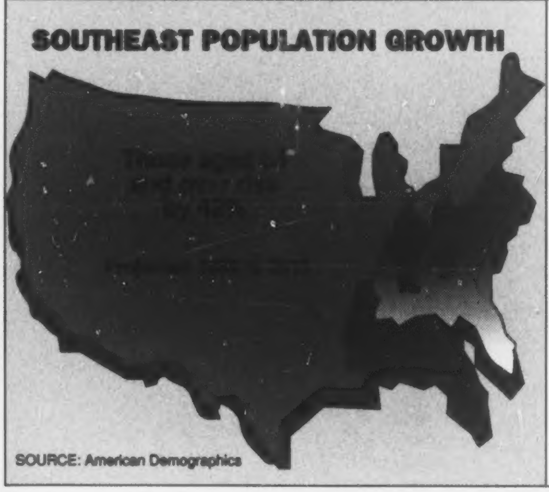
Why did Wendy's recently risk million of dollars on the appeal of someone named Mr. Potato Head? Ask your child. Besides the incredible financial resources kids wield, the little darlings exercise a tremendous amount of control over where the family dines. A full 83% of parents surveyed by the burger chain called their kids a "strong influence" in selecting a restaurant. If you doubt who's making the dining-out decisions, just check the number of chains that, like Wendy's, have added items specifically for children. It's not what comes out of the mouths of babes that operators should consider, but what goes in.



SOURCE: National Restaurant Association

Having Too Much Fun To Eat?

While the contract feeding market's overall share of institutional foodservice sales has grown steadily, only one of its segments—recreation (sports centers, drive-in movies, bowling lanes, clubs, and sporting and recreational camps)—has dipped. The NRA attributes this 0.1% drop "primarily to the continued proliferation of theme parks that operate their own foodservice." Despite that loss of market share, says NRA, the segment is expected to top the $1.6 billion mark this year, thanks in part to a forecasted increase in attendance at sporting events.



SOURCE: American Demographics

The Prevailing Southeasters

The Southeast region of the U.S.—encompassing the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North and South Carolina, Tennessee, Virginia, and West Virginia—is the nation's fourth largest in terms of population. Its overall population should grow by 28% over the next 22 years, especially among older Americans. The group aged 20 to 64 will grow by only 27%. Those under 20 will increase by 21%. Households are expected to increase from 21 million to 30 million. Average household income should follow suit, jumping 24%, from $29,724 to $36,814.

CHARTS BY SHARI FANG

RESTAURANT BUSINESS

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Cover photograph by Steve Smith

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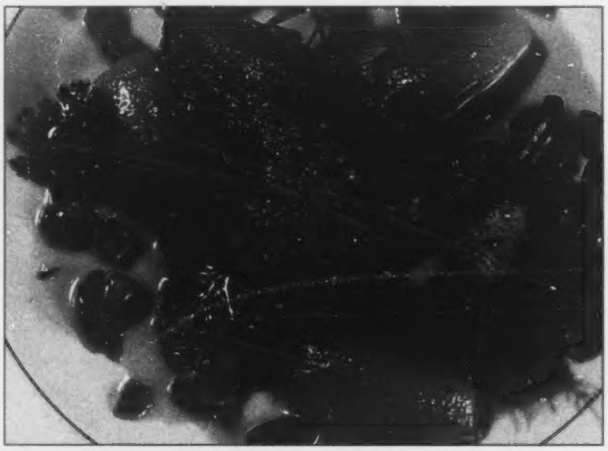
SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1988 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.



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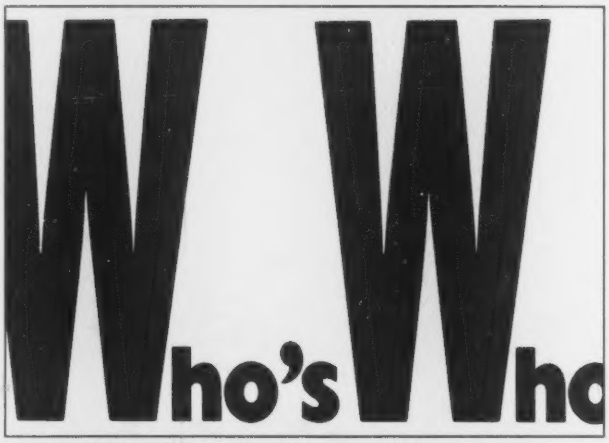

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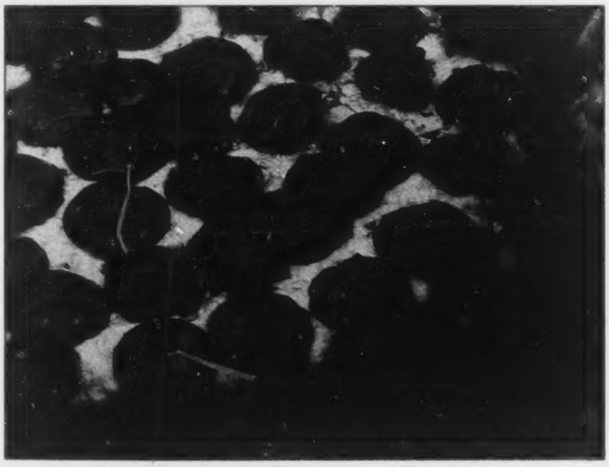

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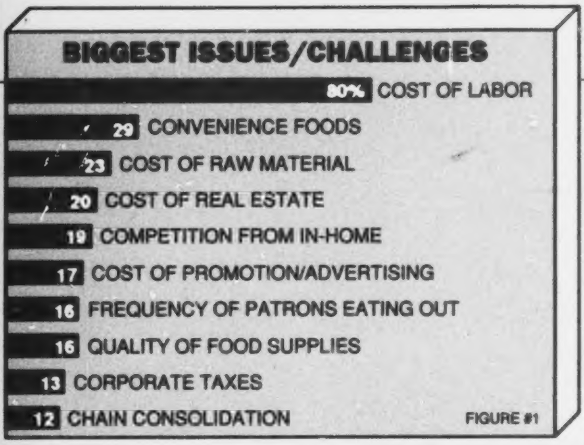

FIGURE #1

SURVEY LOOKS AT THE 1990s, MAPS CHALLENGES, POTENTIAL

The rising cost of labor will be the biggest challenge facing the restaurant industry in the coming decade, according to the recently released results of a survey taken at the National Restaurant Association show.

Other noteworthy findings of the survey, which polled corporate decision makers attending the NRA show: Fruit juices are judged as having the greatest sales potential among beverages; American cuisine is expected to come on strong; and the hotel and hospital feeding segments will experience less growth than almost all others mentioned.

The survey was conducted by Tarrytown, NY-based Research Performance Inc.

The continued encroachment of convenience foods on the traditional foodservice market, the rising cost of raw materials and real estate, and competition from the at-home segment will also make the going rough, according to the decision makers.

The cost of labor was far and away the greatest concern of those who took part, drawing mention from 80% of the respondents. Convenience foods was a distant second, with 29%. Other challenges included the cost of promotions/advertising, dining-out frequency, quality of food supplies, corporate taxes, and chain consolidation (see figure 1).

Chain restaurants will lead the industry in growth as the next century approaches, according to 42% of those questioned (see figure 2). Interestingly, convenience stores, some of which have experienced trouble expanding their foodservice

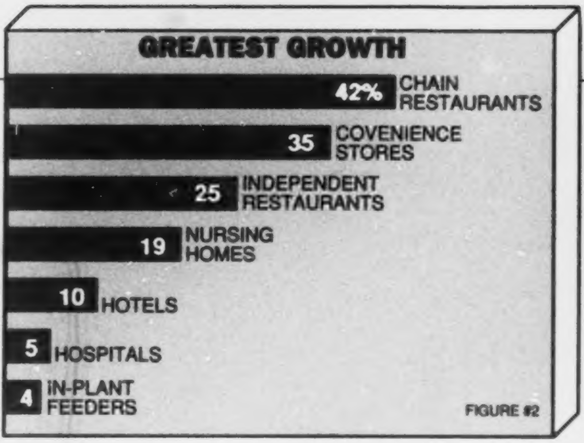

FIGURE #2

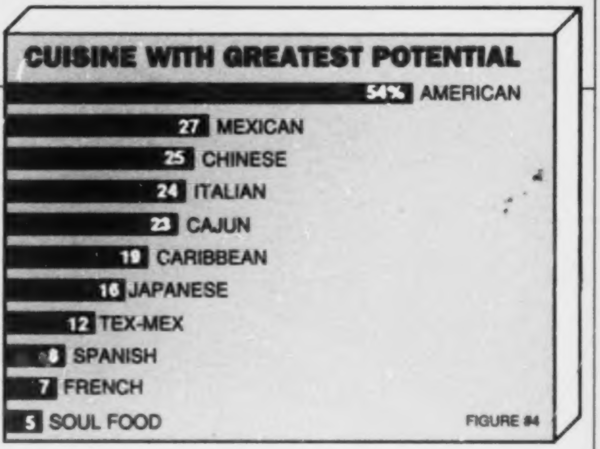

FIGURE #4

offerings, finished second, with 35%.

Faring poorly, respondents opined, will be hotel properties, with just 10%; hospitals (another surprise, since many contract feeders have targeted this foodservice segment as a solid growth vehicle in the next decade), with 8%; and inplant feeding, with 4%.

The respondents tagged healthier, lighter foods like chicken, vegetables, fish, salads, and diet items as the major areas of opportunity in the 1990s. Chicken led the way with 46%, followed by vegetables, 39%, and fish, 36%. Beef, game, and cheese scored near the bottom, with just 10% each. Veal finished last, with only 8%.

American cuisine is viewed as having the most potential through the next decade, with 54% of respondents mentioning it (see figure 4).

Mexican food, though finishing second, garnered just half the number of mentions that American did, with 27%.

More Insights on p. 26

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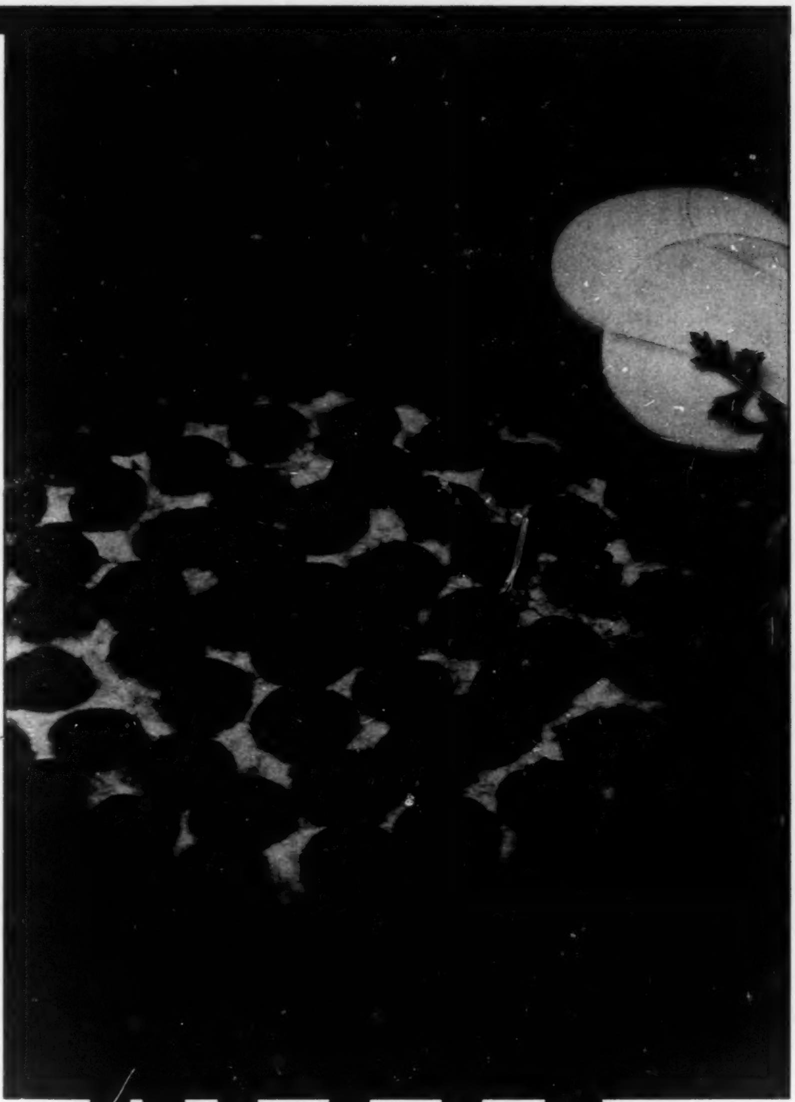
MARKET SEGMENT REPORT



Round Table's pepperoni pizza pie.

PIZZA

The delivery trend and discounting strategies have escalated an already competitive segment.

BY PAUL FRUMKIN

The pizza segment has long been an area of high growth. But, along came home delivery and discounting, and suddenly the market seemed to explode. Sales began to climb, and chains such as Domino's and Little Caesars were setting industry records for unit growth.

Already intense competition escalated still further, until it began to resemble the "Battle of the Burgers." Now the "Pizza Wars" rage, with dozens of national and regional pizza chains vying for a larger share of the ever-increasing $13 billion pizza market.

"The market is as competitive as we have ever seen it," says Steve Frisbee, manager of public affairs for Omaha-based Godfather's Pizza.

"Pizza has become an extremely competitive segment," agrees Steven Rockwell, vice president with Alex. Brown & Sons in Bethesda, MD. "Not only are there a number of very rapidly growing chains like Little Caesars and Domino's, but there is also a strong 'mom and pop' contingent as well."

In its 1988 study of the largest U.S. restaurant chains, Technomic Inc., a Chicago-based consulting group, reported that real growth within the pizza segment had hit 12.7% in 1987—making it one of the fastest growing menu segments.

The segment continues to experience tremendous unit growth as well. According to Restaurant Consulting Group, based in Evanston, IL, the number of restaurants serving pizza increased from just over 31,000 in 1985 to 41,270 in 1987—a jump of nearly 25%.

Few would argue that a shift toward off-premise dining—as indicated primarily by the home delivery boom—is largely responsible for boosting the pizza segment. Led by the Ann Arbor, MI-based Domino's Inc., the delivery market is expected to account for fully

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MARKET SEGMENT PIZZA REPORT

Dozens of national and regional chains are vying for a larger share of the ever-increasing $13 billion market.

California Pizza Kitchen restaurants are designed to look more upscale than the average pizza "joint."

one third of total pizza sales by 1990, according to CREST, a service of NPD Research based in Park Ridge, IL.

SEGMENT LEADER. The focus on off-premise catering has forced many pizza chains to reassess their strategies—most notably segment-leader Pizza Hut. Under president and chief executive Steven Reinemund, the Wichita, KS-based pizza chain, owned by PepsiCo Inc., has dramatically shifted its focus from eat-in to delivery.

Allan Huston, Pizza Hut's chief financial officer, estimates that while sales at eat-in restaurants are expected to grow by 4% to 5% over the next few years, delivery sales could increase by as much as 25%.

At the same time, discounting and promotions continue to have a major impact on the way pizza chains are doing business. Little Caesar Enterprises, another fast-track chain based in Farmington Hills, MI, offering carryout only, further fueled sales—and the already overheated competition—when it began offering its Pizza! Pizza! promotion: two pizzas for one price.

But while pizza has emerged as one of the fastest growing segments in the foodservice industry, experts are predicting saturation within a few years. Pizza Hut's Huston says, "The pizza industry has experienced a 14% revenue growth over the last five years—of which 9% has been through new unit or development growth. Based on those figures, we project that our segment could saturate itself within the next five years to eight years."

As a result, pizza chains across the country are jockeying aggressively for the post position, and utilizing a variety of strategies and new products to get there. Pizza Hut, which dominates the segment with more than $2.5 billion in domestic sales and nearly 5,700 units located across the country, has embarked on an ambitious campaign that its officials hope will ensure its dominance within the market.

"The company's objective is to move from being simply an eat-in restaurant company to being a pizza distribution company," says Reinemund. To that end, Pizza Hut is not only stepping up construction of delivery units—the company plans to have 1,800 in operation by the year's end—but is developing other types of units that will allow it to enter as many venues as possible. After delivery, Pizza Hut intends to push its Express units: counter-service operations suited to in-line locations and mall food courts. The company is also testing a combination unit—a trio of concepts in one operation that includes PepsiCo's other two restaurant chains, Kentucky Fried Chicken and Taco Bell—as well as a small kiosk that can be located in such public areas as airports.

But Pizza Hut is concentrating on more than just new operational vehicles. The chain recently completed the rollout of a major new product, the Hand-Tossed Pizza. While Pizza Hut already had both a thin-crust pie and a thick-crust pie on the menu, studies revealed that a substantial portion of the pizza-buying public preferred something in the middle.

Pizza Hut has also taken on Little Caesars' Pizza! Pizza! with its own version of discount merchandising called Pairs. The promotion usually offers two medium-sized pies—all three styles are featured at various times—for about $10.99.

DOMINO THEORY. In the meantime, Pizza Hut's chief competitor in the delivery market, Domino's Pizza, continues to look for ways to close the gap between the two companies. However, after opening a record-setting 950 units in 1985, Domino's has slowed growth down to a more manageable 500 to 600 units a year. At the end of 1987, the company had almost 4,300 stores in operation, with systemwide sales totaling about $1.98 million—an increase of more than 25% over the previous year.

While Pizza Hut is racing to catch up with Domino's lead in the delivery market, Domino's is hoping to reproduce Pizza Hut's success with its Pan Pizza—which, together with its Personal Pan Pizza, accounts for 70% of Pizza Hut's sales. Domino's has had its own version of a pan pizza in test for six months in 12 units in Cedar Rapids, IA.

Domino's added another element to the pizza-segment mix last summer

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A recent industry study reports that real growth in the pizza segment hit 12.7% in 1987.

Godfather's rolled out a dessert pizza with two fillings—apple and cherry—and a streusel topping. They sell for $3.99.

when it launched its newest concept, Pizza Dispatch. Targeting the price-conscious market from a different angle, the Florida-based Pizza Dispatch units offer smaller, lower-priced cheese pizzas than standard Domino's units do. The menu features 10-in. and 14-in. pies for $4.20 and $6.15, respectively. Regional toppings, available at an extra charge, include *chorizo* (a spicy Spanish sausage), pineapple, jalapeño peppers, and bacon. The crust is thicker than the traditional Domino's pie and the sauce is spicier. Domino's expects to have about 40 Pizza Dispatch units in operation in Dade and Broward counties by the end of the year. Like standard units, all Dispatches are delivery and carry-out only.

'TWOFER.' Little Caesars, the carry-out-only pizza chain based in Farmington, MI, has also been pulling out the stops when it comes to growth. In fact, since 1983, the number of units has tripled. While the chain ended 1987 with 1,820 units and systemwide sales of $750 million, it expects to close this year with over 2,300 units and sales of $1 billion.

"For a number of years we grew slowly but soundly; the last five-years have seen much more rapid growth," says Lisa Ilitch Murray, director of corporate communications.

Little Caesars has expanded operations through five different concepts: carryouts; drive-thrus; concession/mall locations; Pizza Stations (fast-service restaurants with fresh salad, soup, pasta, and fruit bars); and Family Fun Centers (fast-service restaurants with play areas for children). Average store sales run slightly above $400,000.

Like Domino's, Little Caesars had a hand in altering the pizza segment during the 1980s. Its Pizza! Pizza! promotions forced most of the major chains into offering two pizzas for one price of their own. But, like Domino's, it also recognized a winner in Pizza Hut's pan pizza, and rolled out its version in the spring of 1988.

Called a Pan! Pan! pizza, the product is a deep-dish pizza with a crispy crust baked in a square pan. Pan! Pan!, like Little Caesars' other varieties, is being merchandised with the signature two-for-one-price deal.

While the Little Caesars' two-pizzas-for-one-price discounting has forced many of the other pizza chains to follow suit, a handful continue to resist. San Francisco-based Round Table Pizza, for example, is attempting to avoid this kind of discounting as much as possible.

"We've based our reputation on quality, and we feel that excessive discounting would potentially undermine that," explains Doug Rice, communications manager for the 540-unit chain. "We're trying to find some creative alternatives."

However, Round Table *has* implemented some discounting. "We've done some spot promotions where the competition has made it necessary." Rice says. By competition, Rice is referring to the "big three"—Pizza Hut, Domino's, and Little Caesars—all of which have made concerted expansion drives recently in California and the 10 other western states Round Table is located in. The growing competition has forced Round Table—as well as a number of other smaller regional chains—into something of a defensive posture. As a result, systemwide sales for the past year have largely remained flat at about $265 million.

To combat the competition, Round Table has made an effort during the past year to expand its delivery capacity. There are 100 eat-in restaurants currently offering delivery, and Rice

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says he expects that number to double within the next year.

Round Table is also reassessing its menu, which offers pizza along with sandwiches, calzones, a salad bar, and Pizzatatoes--half of a potato scooped out and filled with pizza toppings.

The company is also beginning to expand its remodeling program. A few restaurants have been renovated during the past year, but Rice says the program will be accelerated during the next year or two.

Round Table will also continue expanding—adding at least 50 restaurants during the next year in the United States and, perhaps, Japan.

As with Round Table, systemwide sales for the Phoenix-based Peter Piper Pizza are expected to remain relatively flat for 1988. According to Don Pijut, director of marketing for the 110-unit company, sales for 1988 will continue to hover around 1987's total of $57 million.

SUPERMARKET COMPETITION. And again, one of the primary reasons is the aggressive expansion of Pizza Hut, Domino's, and Little Caesars into the eight southwestern states Peter Piper is located in. However, in addition to the erosion in sales caused by other pizza chains, Peter Piper is also encountering competition from frozen supermarket pizzas. To help combat the competition, Peter Piper has begun to offer the standard promotion—two pizzas for one price.

Additionally, the company is hoping to attract more family business by offering a package for children. Called the "Kid's Pizza Pack," the package contains a 6-in. pizza, a 12-oz. soft drink, and a prize. Depending upon the location, the package sells for between $1.99 and $2.29.

Pijut adds that the company has, at least for the moment, no intention of entering the delivery market. Predominantly a dine-in and carry-out concept, Peter Piper restaurants seat about 200 and offer a limited menu of pizza, salad, soft drinks, and beer. Each operation runs an average per-person check of about $6, and generates average unit sales of $500,000. Of the company's 110 stores, 69 are franchised.

One recent victim of the pizza wars is Rocky Rococo, the regional pizza chain based in Madison, WI. After expanding rapidly for the past few years, the chain suddenly shut down 30 of its 128 restaurants. The company said that the closings were the result of disappointing sales and high operating costs.

OUT OF THE SLUMP. But while some chains are struggling to run in place, others are beginning to break out of a slump. After more than two years of disappointing growth for Godfather's Pizza, the future may be brightening a bit. With the proposed buyout from parent-company Pillsbury by president Herman Cain and executive vice president Ronald B. Gartlan finally completed, the 600-unit company appears to have stabilized. According to manager of public affairs Steve Frisbee, the company "is continuing to rebound. Business was flat for the first part of the year, but it has begun to improve recently."

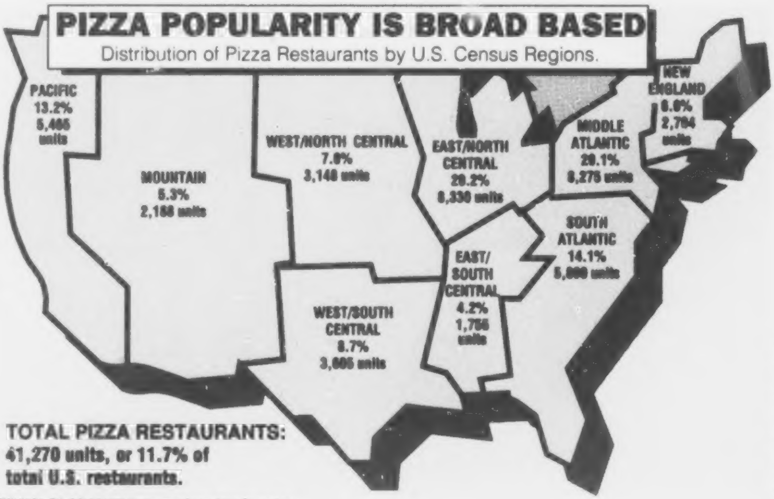
With average annual unit sales of $414,000, the company achieved systemwide sales of $242 million in 1987. Approximately 50 to 60 new stores will be added in the next 12 months.

Although Godfather's executives won't reveal what is in store for the company now that Cain and Gartlan have completed the LBO, some

continued on page 137

TOP FIVE PIZZA CHAINS

	UNITS	1987 SALES
PIZZA HUT Wichita, KS	5,394	$2.5 billion
DOMINO'S PIZZA Ann Arbor, MI	4,279	1.9 billion
LITTLE CAESAR ENTERPRISE Farmington Hills, MI	1,820	725 million
PIZZA INN Dallas,TX	710	310 million
ROUND TABLE PIZZA San Francisco, CA	515	265 million


PIZZA POPULARITY IS BROAD BASED
Distribution of Pizza Restaurants by U.S. Census Regions.
PACIFIC 13.2% 5,465 units
MOUNTAIN 5.3% 2,188 units
WEST/NORTH CENTRAL 7.6% 3,148 units
EAST/NORTH CENTRAL 20.2% 8,330 units
MIDDLE ATLANTIC 20.1% 8,275 units
NEW ENGLAND 6.6% 2,704 units
SOUTH ATLANTIC 14.1% 5,808 units
EAST/SOUTH CENTRAL 4.2% 1,755 units
WEST/SOUTH CENTRAL 8.7% 3,605 units
TOTAL PIZZA RESTAURANTS: 41,270 units, or 11.7% of total U.S. restaurants.

SOURCE RE-COUNT '87 Restaurant Consulting Group Inc

CHARTS BY SHARI FANG

MARKET SEGMENT PIZZA REPORT

The burgeoning delivery market is expected to account for fully one third of total pizza sales by 1990.

ShowBiz Pizza Time Inc. has reduced the number of video games in units to more accurately target smaller children and families.

changes are expected. Meanwhile, the company continues to roll out new products and fine-tune operations. The most recent menu rollout is Godfather's dessert pizza. The 10-in. pie comes with one of two fillings—apple or cherry—and a streusel topping. Available on both the lunch and dinner buffets, the pies sell for $3.99 each. In addition, Godfather's introduced a Hand-Stretched thin crust pizza earlier this year. That product is now being offered in all units nationwide.

The company is also responding to the shift toward delivery by adding delivery-only units. While Godfather's has fewer than a dozen such units, it expects to add more in the future.

Godfather's is not the only pizza chain that has experienced its share of difficulties in the 1980s. Two years ago, ShowBiz Pizza Time Inc., the Irving, TX-based owner and operator of Chuck E. Cheese and ShowBiz Pizza Place restaurants, was on the brink of bankruptcy. Recently, however, the company completed its tenth consecutive quarter of real sales growth—estimated at better than 6%.

Owned by Integra—which also operates a number of hotel concepts as well as Monterey House restaurants—the 275-unit pizza chain took a sharp nosedive in the mid-1980s when the video game craze seemed to come to an abrupt halt. At the same time, chain officials were forced to admit that the food quality had also been suffering. According to Dick Frank, president and chief executive, a turnaround was effected when the company repositioned the concept. "The original target market had been teenagers, and each unit had about 70 video games," Frank explains. "We made the decision to target kids between the ages of two and 11 and their parents." Additionally, the number of video games was reduced to 15, and the quality of the food was improved.

Bolstered by an aggressive marketing program, ShowBiz set about to rebuild its image. Today, the once-foundering chain is again profitable and poised for expansion. With two new stores in operation, ShowBiz expects to open 15 more within the next 12 months.

Systemwide sales for 1987 totaled $230 million, and Frank projects that figure to rise to $256 million in 1988.

With the problem of food quality addressed, ShowBiz has also begun testing breakfast in the Dallas-Ft. Worth restaurants on weekends. The company has also implemented a remodeling program that will update 20 stores a year. "Once the stores have been remodeled, we get sales increases of 10% to 12% per store," Frank says. The long-term remodeling plan also includes the melding together of the two concepts—probably within three to five years.

CONVERSIONS. In a similar move, Dino's/Crusty's USA, the 204-unit chain based in Livonia, MI, has begun to streamline some operations through conversion from one concept to the other. Dino's, the company's original concept founded in 1957, are eat-in restaurants offering pizza as well as a number of Italian specialties; Crusty's is essentially a delivery/carry-out concept featuring mainly pizza and a limited number of salads.

According to Anthony P. Noga, the company's national franchise director, Dino's/Crusty's is converting Dino's restaurants to Crusty's wherever possible. All of the Dino's in Michigan are in the process of being converted to Crusty's, although the units located in Florida will remain unchanged. "In terms of the future business, that will largely come from Crusty's units," Noga explains.

Crusty's operates stores in the southeast as well as Michigan, Texas, Oklahoma, and Utah. The average unit sales for Crusty's runs about $365,000. Systemwide sales for 1987 totaled about $50 million, an increase of 10% over 1986 figures.

WIDE MENU. While many pizza chains avoid large menus, Boston-based Pizzeria Uno has taken time to fine-tune and expand its wide-ranging menu, according to Dave Leonard, vice president of administration. Opened in 1943 in Chicago by Ike Sewell, Pizzeria Uno continues to emphasize its signature deep-dish pizza. However, today the menu also includes hamburgers,

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Buffalo wings, pasta, salads, soups, baby back ribs, chicken, and desserts.

Pizzeria Uno restaurants seat approximately 150, and average $1.5 million in sales annually. The company prefers to convert existing restaurants rather than build from the ground up, so start-up costs can run from a low of $750,000 to $1 million.

With about 50 units open and a strong expansion plan under its belt, Pizzeria Uno has signed on a number of well-known foodservice executives as franchisees, including Lou Neeb and Art Gunther. Neeb, a former Burger King chief executive, has agreed to open 12 restaurants over the next five years in Texas and Mexico; Gunther, a former president of Pizza Hut, plans to open two restaurants in California within the next year and then one annually for the next six or seven years.

The 157-unit Pantera's Corp. clearly expanded its reach when it merged with the 750-unit Pizza Inn chain last year. Since then, St. Louis-based Pantera's has moved to establish Pizza Inn as one of the major pizza powers.

Earlier this year, it hired Chiat/Day to develop a more aggressive ad campaign that will focus on the quality of the chain's pizza. Pizza Inn is expected to spend up to $15 million this year on its ad budget.

The chain has also rolled out two new products: a New York-style pizza, with a medium-thick crust; and a dessert pizza, called a Pizzert. The Pizzert will be available with three toppings: apple, cherry, or peach.

Total systemwide sales at Pizza Inn totaled $270 million in 1987. Systemwide sales for Pantera's, on the other hand, ran $52 million last year.

But while mainstream pizza chains continue to battle for market share, smaller innovators are quietly attempting to establish their own niches in the market. Saucy's, a 73-unit pizza chain based in Everett, WA, is looking to take a bite out of the market with its "take-and-bake" pizza concept.

Founded in 1982, Saucy's offers fresh pizzas that can be prepared at home. The pizzas are available in both 12-in. and 15-in. sizes, and range in price from $4.99 to $14.95 for two large pizzas with seven toppings on each. The average sale is $8.

Although Saucy's specializes in "take-and-bake" pizzas, various stores also offer frozen yogurt and submarine sandwiches. The sales mix varies by store, however. While most of the stores are takeout-only, some locations offer seating. These larger formats gross between $16,000 and $18,000 a week. Systemwide sales for 1987 reached $7 million.

According to chief executive Marl Kane, Saucy's is concentrating expan-

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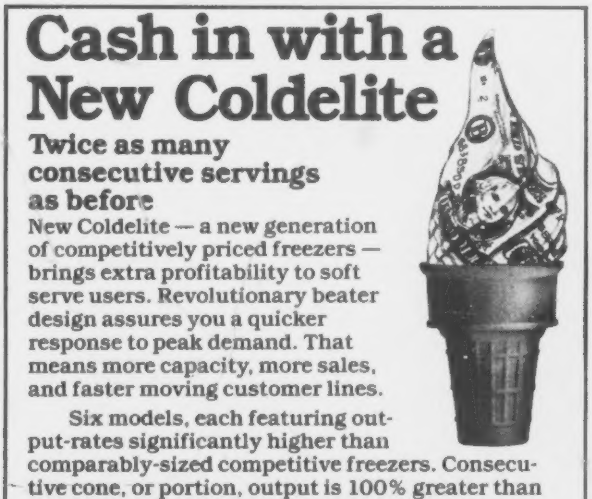

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sion into the smaller communities—"locations where the other guys aren't," he says. Kane expects to have 80 stores open by the end of 1988, with another 20 stores added in 1989. "We're not looking to grow too fast," he adds.

NONTRADITIONAL. California Pizza Kitchen (CPK) is another company that is not likely to be confused with any of the major players. Based in Los Angeles, CPK offers an array of nontraditional pizzas cooked in Italian wood-burning ovens. A few of the company's more innovative pizza selections include barbecue chicken, duck sausage, burrito, Thai chicken, Peking duck, goat cheese, and shrimp-pesto.

"We offer what has come to be known as 'California pizza'," says John Kaufman, director of operations. "It started with Alice Waters and Wolfgang Puck, and we simply capitalized on it."

Many experts are predicting that the market will become saturated within just a few years.

To help develop the menu, owners Larry Flax and Rick Rosenfield—both former lawyers—hired chef Gary Beauregard, a veteran of Wolfgang Puck's Spago. In addition to pizzas, CPK also features a number of pastas, calzones, and grilled entrees such as chicken sausage. The average check runs from $8 to $10 at lunch and $12 to $14 at dinner.

California Pizza Kitchen restaurants are designed to look more upscale than the average pizza restaurant. The recently opened Atlanta unit has a raised display kitchen housing a wood-burning oven with two smokestacks rising 60 feet into the air. All restaurants are decorated with white tiles, mirrors, and neon. With seven restaurants operating, CPK expects to have 13 open by the end of 1989.

And while the rest of the mainstream pizza chains battle it out for their piece of the market, Kaufman is optimistic about the growth potential of CPK. "We're not really worried about the competition," he says. "There's nobody in our league as far as pizza goes."

For the small mom-and-pop independents, though, the growing rivalry with the major chains is uppermost on their minds.

"Competition is still fierce," says Amy Lorton, associate editor with *Pizza Today*, a trade publication for the

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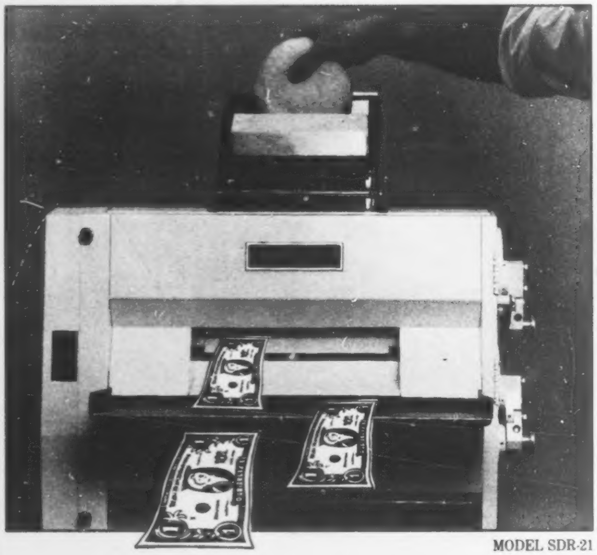

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National Association of Pizza Operators. "And independents are forced to battle it in their own way."

One independent, Doug Wilken, owner of the Pizza Shack in Freeport, IL, took a somewhat unorthodox approach to boosting business when a building with substantially more space became available in his neighborhood.

"We wanted to expand, and a lot of the townspeople said Freeport needed an entertainment center for the family," Wilken explains. "So we bought the new building and opened a 10-hole indoor miniature golf course in the restaurant."

Obviously, though, Wilken's solution is hardly feasible for most small operators. But a former independent operator, Michael Piancone, thinks he may have found a solution to the pizza wars with his San Diego-based U.S. Pizza Network (USPN). "There's tremendous pressure on the small guy," he observes. "And the competition is increasing every day. The small independent has better pizza, but he's losing the war because he doesn't have the marketing power of the chains."

According to Piancone, USPN will change that by enabling independents to band together. For $100 a month, network members receive 1,000 free pizza boxes as well as a discount on equipment and other supplies. The network will also be distributing two million credit cards to 18- to 25-year-olds. The cards will be accepted only at the stores of network affiliates. Plus, credit cards will offer benefits to the frequent user. And this month, Piancone expects to have the "Telepizza" system in place. The system will allow customers to have a pizza delivered to friends or relatives anywhere in the country.

To date, USPN has 1,600 members—a number Piancone says will rise to 10,000 by the end of the year.

But meanwhile, independents must still find other ways to confront the giant chains opening in their neighborhoods. Elena DeLuca, who co-owns the 75-seat Little Italy Pizza in San Diego, CA, with her husband, Orazio, says that when Pizza Hut opened near their restaurant in 1987, business fell sharply. "We were down at least 15% for the year," she recalls.

To fight back, the DeLucas extended their delivery capacity by purchasing new trucks. At the same time, they responded to chain discounting by offering a unique promotion: a complete meal for two, including green salad, lasagna, spaghetti, garlic bread, and a 9-in. pizza, for $10—delivered. "It helped boost business dramatically," she says. "When you're an independent, you have to look within your resources, and find how best to fight back. And that's what we did." ▮

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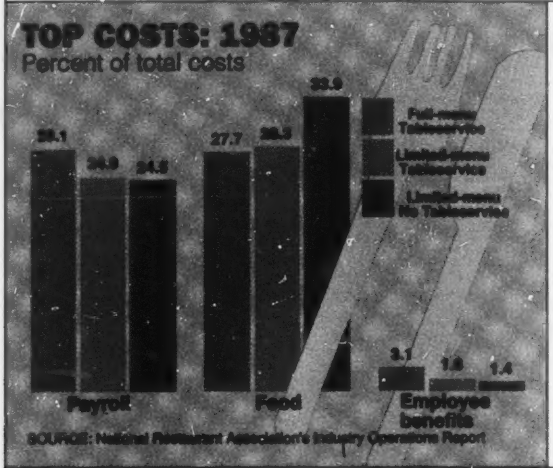
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

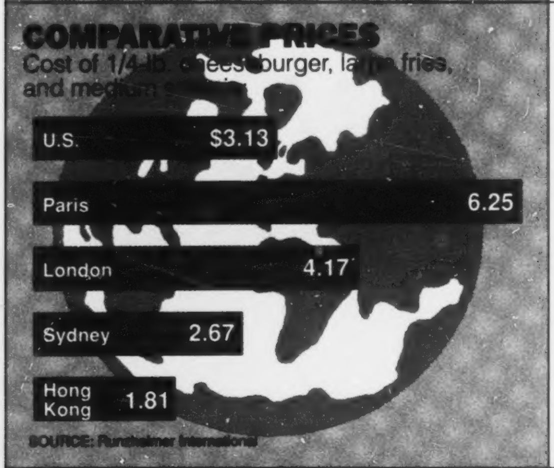
By Howard Riell



SOURCE: National Restaurant Association's Industry Operations Report

Where Foodservice Dollars Went

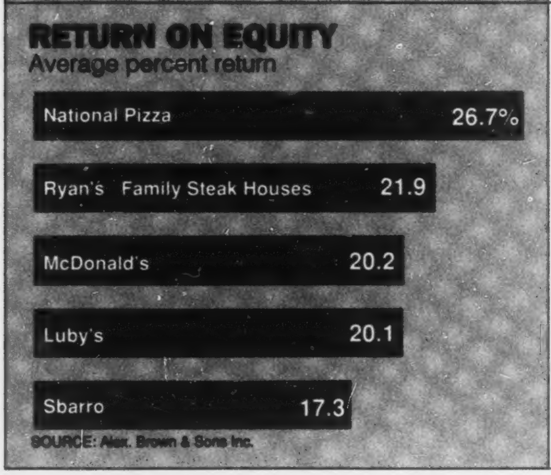
Numbers can be misleading. Payroll and benefits are two costs a lot of restaurateurs are looking at more and more these days. Proposals to raise the minimum wage threaten to raise all salaries in a "trickle up" through employee ranks and bloat that already high 28% figure, yet in many areas of the country it means little; operators already pay far more than the minimum. The mandated health benefits bill would do even more damage, despite the seemingly low percentage cost. The innocuous 1.4% to 3.1% figures belie its grave importance, say restaurant operators nationwide.



SOURCE: Runzheimer International

Fast Food Around The Globe

Part of the NRA's recent Delphi Panel projections for the year 2000 was that the industry would continue to become more international in scope. With major chains like McDonald's and Kentucky Fried Chicken opening frontiers in such far-flung locales as the Soviet Union and China, respectively, the trend becomes clear. But as American companies spread out, costs, the availability of food, equipment, and labor, and other factors will combine to make pricing very interesting—even for such all-American staples as a cheeseburger, fries, and a soda.



SOURCE: Alex. Brown & Sons Inc.

Even Equity Leaders Show Signs of Wear

When evaluating the state of the foodservice industry, it is interesting to note that even Alex. Brown & Sons' return-on-equity leaders, National Pizza Co. and Ryan's Family Steak Houses Inc., have taken some recent lumps on their way to the top. National Pizza, the largest Pizza Hut franchisee with more than 250 units nationwide, has seen its promotional discounts rise by 50%, its food and labor costs forced up, and overall profit margins dip. Ryan's has seen same-store sales drop, and chief executive Mark McCall resign. Still, second-quarter profits rose 17%. Sales 28%.

CHARTS DESIGNED BY SHARI FANG

RESTAURANT BUSINESS

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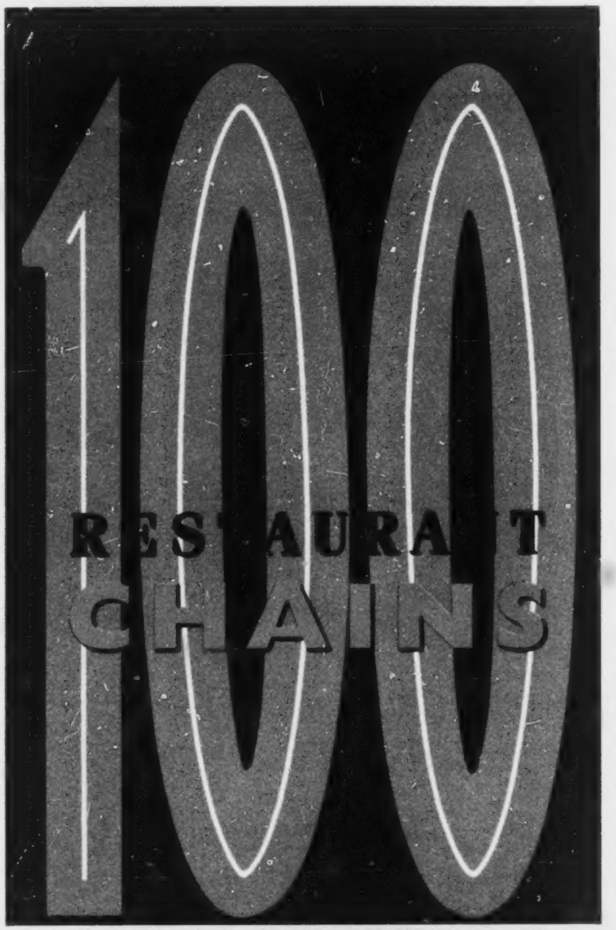

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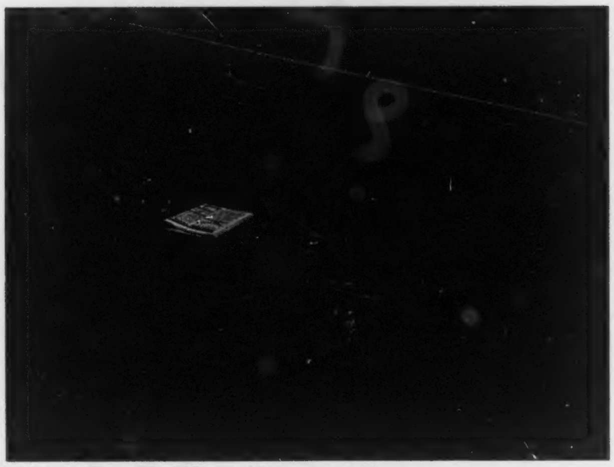

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ANALYSIS **THE TOP 100 CHAINS.** *This year marks the first time that* Restaurant Business *presents its annual Top 100 Restaurant Chain report, prepared in conjunction with Technomic Inc. One hundred chain restaurant concepts, from McDonald's to Tastee-Freez, are ranked by 1987 U.S. systemwide sales and units; 1987 sales and unit counts, as well as average unit volumes, are also included. In addition, beginning on page 102, each concept is profiled and updated through the current year* **89**

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PURCHASING **EFFECTS OF THE DROUGHT.** *This summer's drought, which scorched America's heartland and put pressure on food prices, will push them up even more next year—6% to 7% or more. However, the outright crisis that many predicted early on never materialized* **82**

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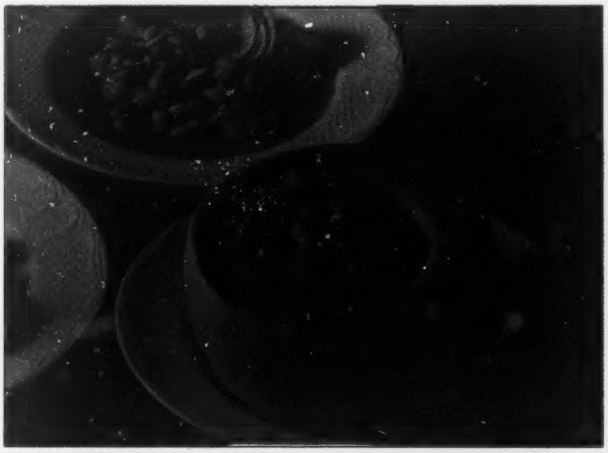
SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1988 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING.** These annual studies are invaluable reference tools.

The reprints are available for $5 per copy. Direct orders and inquiries to: Editor Peter Berlinski, *Restaurant Business* Magazine, 633 Third Avenue, New York, NY 10017.



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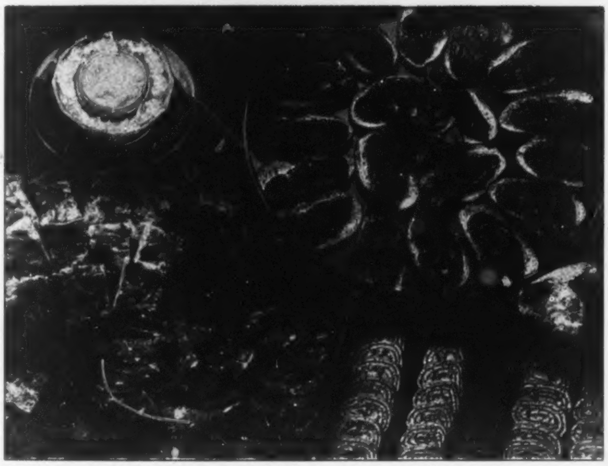

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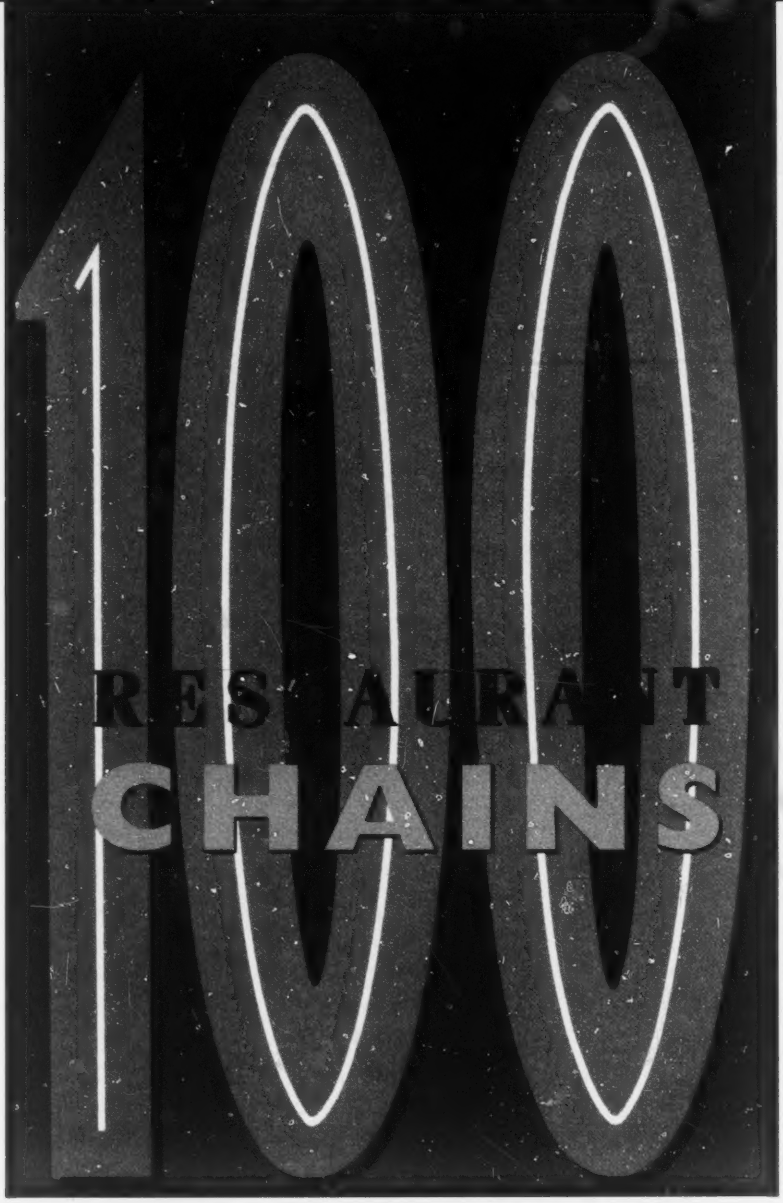


100 RESTAURANT CHAINS

This year marks the first time that *Restaurant Business* presents its Top 100 Restaurant Chain report. One hundred chains, from McDonald's to Tastee Freez, are ranked by 1987 U.S. systemwide sales and units; average unit volumes, as well as 1986 sales and unit counts, are also included. In addition, beginning on page 92, each chain is profiled and updated through the current year.

The data contained in The Top 100 study presents a revealing picture of the chain restaurant industry in the late 1980s; these chains now comprise 45.3% of total separate eating place sales, a figure that is growing constantly as the industry consolidates. In 1986, the latest year for which such figures were available, the Top 100 chains accounted for 28% of eating place units.

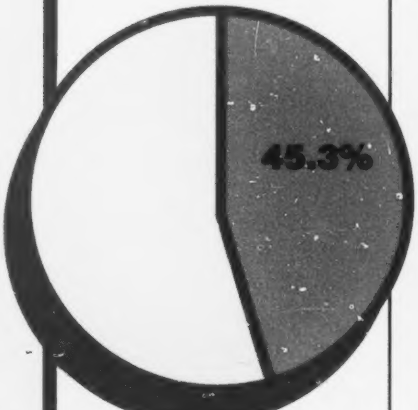
Not surprisingly, McDonald's rules the pack; with more than $10.5 billion in 1987 sales, it is more than twice the size of its nearest competitor, Burger King, with $4.8 billion in sales. Our 100th-ranked chain, Tastee Freez, is tiny by comparison, yet still generates nearly $104 million in sales.

In 1987, 11 foodservice chains topped $1 billion in annual sales (McDonald's, Burger King, KFC, Wendy's, Hardee's, Pizza Hut, Domino's, Dairy Queen, Taco Bell, Denny's, and Red Lobster); nine of them are fast-food operators. The sales of the Top 10 restaurant chains soared past $30 billion, nearly 25% of the total eating place universe of $128.5 billion.

In an era when growth has been hard to come by, several chains stand out: General Mills' Olive Garden, which enjoyed a year-over-year sales increase of better than 190% in 1987, with the addition of 40 new units on a base of just 30; and Subway, whose sales and unit counts increased 89.5% and 82.6%, respectively. Other fast movers in 1987 included Domino's, Little Caesars, Big Boy (thanks to consolidation under the Elias Brothers umbrella), Chili's, Ryan's, Tony Roma's, Mrs. Fields, Red Robin, TCBY, Kettle Restaurants, and Ruby Tuesday.

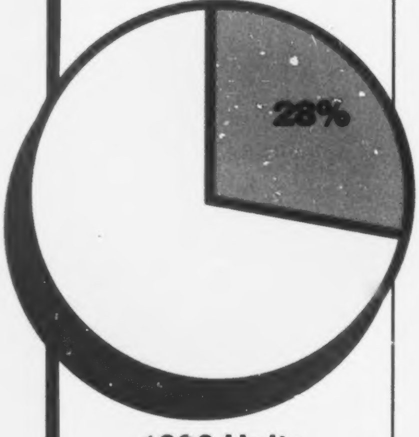
But the 1987 year had its share of disappointments, too. Sales dropped more than 12% at Steak & Ale in the wake of softening unit volumes and store closings, and at press time, the casual theme chain's future was unclear as parent Pillsbury attempted to thwart a hostile takeover bid by Grand Metropolitan PLC. Po Folks and Bojangles also experienced sales and unit count declines, while Furr's Cafeterias suffered a 12.3% decrease in sales on a 9.6% unit increase.

TOP 100'S SHARE OF MARKET



1987 Sales

▨ Top 100 Chains
$58.3 billion
☐ Total Eating Places
$128.5 billion



1986 Units

▨ Top 100 Chains
75,837
☐ Total Eating Places
270,698

TOP 100 RESTAURANT CHAINS

RANKED BY SALES AND UNITS

Sales Rank	Chain	U.S. System Sales ($000) 1987	U.S. System Sales ($000) 1986	% Sales Change 1987	Avg. Unit Volume ($000) 1987	U.S. System Units 1987	U.S. System Units 1986	%Unit Change 1987	Unit Rank
1	MCDONALD'S	$10,576,266	$9,533,691	10.9%	$1,500	7,567	7,272	4.1%	1
2	BURGER KING	4,777,004	4,458,109	7.2	1,015	4,884	4,572	6.8	3
3	KENTUCKY FRIED CHICKEN	2,700,000	2,500,000	8.0	558	4,814	4,720	2.0	4
4	WENDY'S	2,627,899	2,547,459	3.2	741	3,601	3,496	3.0	7
5	HARDEE'S	2,534,000	2,168,000	16.9	877	2,883	2,684	7.4	8
6	PIZZA HUT	2,500,000	2,200,000	13.6	490	5,394	5,017	7.5	2
7	DOMINO'S PIZZA	1,893,200	1,490,680	27.0	466	4,279	3,600	18.9	6
8	DAIRY QUEEN	1,630,000	1,520,000	7.2	375	4,422	4,353	1.6	5
9	TACO BELL	1,500,000	1,300,000	15.4	579	2,696	2,409	11.9	9
10	DENNY'S	1,192,079	1,134,246	5.1	1,059	1,132	1,115	1.5	17
11	RED LOBSTER	1,050,670	925,278	13.6	2,671	397	389	2.1	46
12	ARBY'S	988,000	892,000	10.8	568	1,764	1,612	9.4	13
13	BIG BOY**	950,000	899,000*	5.7	1,000	950	899	5.7	19
14	LONG JOHN SILVER'S	743,441	717,338	3.6	529	1,435	1,397	2.7	14
15	LITTLE CAESARS	725,000	520,000	39.4	465**	1,820	1,308	39.1	11
16	SIZZLER	705,400	575,500	22.6	1,430	542	534	1.5	35
17	PONDEROSA	699,731	650,596*	7.6	1,025	690	653	5.7	26
18	JACK IN THE BOX	684,558	560,621	22.1	788	897	849	5.7	20
19	SHONEY'S	677,000	630,000	7.5	1,361	604	542	11.4	29
20	DUNKIN' DONUTS	646,350	598,023	8.1	465	1,390	1,316	5.6	16
21	FRIENDLY RESTAURANTS	572,400	536,500	6.7	685	842	829	1.6	22
22	ROY ROGERS	557,500*	530,000*	5.2	1,040	556	552	0.1	34
23	CHURCH'S FRIED CHICKEN	509,724	551,152	(7.5)	361	1,422	1,475	(3.6)	15
24	BONANZA	479,936	417,233	15.0	918	540	522	3.4	36
25	WESTERN SIZZLIN'	466,244	454,000	2.7	790	585	600	(2.5)	31
26	BASKIN-ROBBINS	460,000*	438,495	4.9	183	2,511	2,542	(1.2)	10
27	BENNIGAN'S	455,000	442,500	2.8	2,200	211	204	3.4	64
28	EL TORITO	450,000*	420,000*	7.1	2,200	205	200	2.5	66
29	POPEYES	445,000*	400,000*	11.3	750	707	650	8.8	25
30	CHI-CHI'S	425,000	422,820	0.5	2,400	186	199	(18.8)	73
31	GOLDEN CORRAL	381,000*	331,847	14.8	816**	493	441	11.8	41
32	CARL'S JR.	380,000*	343,594	10.6	905	446	436	2.3	43
33	T.G.I FRIDAY'S	364,122	347,975	4.6	2,900	128	124	3.2	82
34	SUBWAY	360,000	190,000	89.5	200	1,810	991	82.6	12
35	RAX	358,275	328,878	8.9	701	526	511	2.9	39
36	PERKINS	343,138	315,557	8.7	1,027	334	328	1.8	50
37	CAPTAIN D'S	329,000	302,000	8.9	631	574	537	6.9	33
38	SONIC	315,000	295,567	6.6	330	953	958	0.5	18
39	INTERNATIONAL HOUSE OF PANCAKES	300,000	264,069	13.6	652	460	447	2.9	42
40	MORRISON'S FAMILY DINING	300,000	289,100	3.8	1,900	158	153	3.3	78
41	PIZZA INN	285,000*	303,000	(5.9)	457	672	707	(5.0)	27
42	WHITE CASTLE	282,630	268,540	5.2	1,264	229	220	4.1	61
43	ROUND TABLE PIZZA	265,000	250,000	6.0	500	530	500	6.0	38
44	BOB EVANS	257,760*	230,923	11.6	1,350	194	172	12.8	70
45	GODFATHER'S PIZZA	252,516	262,800	(3.9)	429	590	656	10.1	30
46	CARVEL ICE CREAM	245,000*	225,000*	8.9	355	850	830	2.4	21
47	STUART ANDERSON'S	245,000*	243,000	0.8	2,220	117	117	0	87
48	LUBY'S CAFETERIAS	239,002	220,334	8.5	2,370	108	96	12.5	90
49	STEAK & ALE	235,000	267,833	(12.3)	1,400	170	186	(8.6)	75
50	WAFFLE HOUSE	235,000*	210,000*	11.9	380	635	600	5.8	28

*TECHNOMIC estimate
**_Restaurant Business_ estimate

RANK BY SALES

MCDONALD'S

Oak Brook, IL

RANK BY UNITS: 1

1987 U.S. Systemwide Sales ($000)	$10,576,266
1987 U.S. Systemwide Units	7,567
1987 Average Unit Volume ($000)	$1,500

McDonald's marketing muscle continues to provide sales increases in an otherwise sluggish fast-food market. The company is testing a McChicken sandwich as well as a McPizza (and Pizza Hut has already responded with sarcastic advertising). Aggressive international expansion will continue, with an agreement to open 20 McDonald's in the USSR a special coup.

2

BURGER KING

(The Pillsbury Co.)
Miami, FL

RANK BY UNITS: 3

1987 U.S. Systemwide Sales ($000)	$4,777,004
1987 U.S. Systemwide Units	4,884
1987 Average Unit Volume ($000)	$1,015

At press time, BK's parent Pillsbury was embroiled in a hostile takeover battle with a British company, Grand Metropolitan PLC. BK remains troubled by slipping sales; consensus is that the No. 2 burger chain has been hurt by unfocused marketing and management upheavals. The question, barring a sale to Grand Met: Will new Pillsbury president Phil Smith jettison BK?

KENTUCKY FRIED CHICKEN

(PepsiCo Inc.) **Louisville, KY**

RANK BY UNITS: 4

1987 U.S. Systemwide Sales ($000)	$2,700,000
1987 U.S. Systemwide Units	4,814
1987 Average Unit Volume ($000)	$558

KFC opens a new unit—somewhere in the world—every day. Chicken Littles "mini sandwiches" have been introduced nationally, salads are in test, and grilled chicken items are also being considered. International expansion is an important strategy: China is now KFC country. Meanwhile, the No. 1 chicken chain is continuing to test home delivery in certain markets.

4

WENDY'S

Dublin, OH

RANK BY UNITS: 7

1987 U.S. Systemwide Sales ($000)	$2,627,899
1987 U.S. Systemwide Units	3,601
1987 Average Unit Volume ($000)	$741

Wendy's execs are pulling the third-largest burger chain out of troubled waters. Margins and same-store sales have been helped by the introduction last year of the SuperBar, a 50-item food bar that includes a salad bar, Mexican specialties, pastas, fruits, and desserts, although Wendy's insists that burgers are still its major focus. Emphasis has also been placed on controlling G&A.

5

HARDEE'S

(Imasco Ltd.)
Rocky Mount, NC

RANK BY UNITS: 8

1987 U.S. Systemwide Sales ($000)	$2,534,000
1987 U.S. Systemwide Units	2,883
1987 Average Unit Volume ($000)	$877

Hardee's is posting double-digit sales increases over last year, attributed to solid management as well as new products including chicken sticks, prepackaged salads, and soft-serve ice cream. New state-of-the-art, labor-saving kitchen equipment has been installed to turn out burgers faster. About 25% of units have been remodeled as part of an ongoing program.

6

PIZZA HUT

(PepsiCo Inc.)
Wichita, KS

RANK BY UNITS: 2

1987 U.S. Systemwide Sales ($000)	$2,500,000
1987 U.S. Systemwide Units	590
1987 Average Unit Volume ($000)	$5,394

One-call delivery is having a big impact on sales in many markets, as delivery becomes profitable for the pizza market-share leader. A new product, hand-tossed, thin, foldable New York-style pizza, rounds out the product line. Pizza Hut is looking for nontraditional "situations," including kiosks and joint-concept arrangements, as existing opportunities for new stores dry up.

TOP 100 RESTAURANT CHAINS

RANKED BY SALES AND UNITS

Sales Rank	Chain	U.S. System Sales ($000) 1987	U.S. System Sales ($000) 1986	% Sales Change 1987	Avg. Unit Volume ($000) 1987	U.S. System Units 1987	U.S. System Units 1986	%Unit Change 1987	Unit Rank
51	GROUND ROUND	$228,600	$213,300*	7.2	$1,191	192	195	(1.5)	72
52	CHILI'S	226,110	154,707*	46.2	1,950	126	102	23.5	83
53	QUINCY'S FAMILY STEAKHOUSES	221,500	207,400	6.8	1,030	215	218	(1.4)	63
54	MARIE CALLENDER PIE SHOPS	220,000*	196,000	12.2	1,900	135	127	6.3	81
55	VILLAGE INN	219,700	206,164	6.6	873	272	259	5.0	56
56	PICCADILLY CAFETERIAS	219,609	212,137	3.5	1,861	118	109	8.3	86
57	FURR'S CAFETERIAS	212,350*	242,000*	(12.3)	1,500*	126	115*	9.6	83
58	WHATABURGER	210,000*	225,000*	(6.7)	600	345	365	(5.5)	48
59	CHICK-FIL-A	202,724	182,837	10.9	574	363	346	4.9	47
60	TONY ROMA'S	200,000*	128,500*	55.6	2,350	96	75	28.0	92
61	WESTERN STEER MOM 'N' POPS	189,000*	174,197	8.5	990	194	188	3.2	70
62	WYATT CAFETERIAS	189,000	195,000	(3.1)	1,600	119	120	(0.8)	85
63	KRYSTAL	185,000	174,000	6.3	765	243	237	2.5	60
64	RYAN'S FAMILY STEAK HOUSES	185,000	125,000	48.0	2,344	95	70	35.7	93
65	PO FOLKS	182,500	225,000	(18.9)	1,200	163	172	(5.2)	77
66	GRANDY'S	180,000	175,000	2.9	895	201	195	3.1	67
67	COUNTRY KITCHEN	169,200	161,400	4.8	641	252	251	0.4	59
68	MR. DONUT	169,000	151,000	11.9	286	535	543	(1.5)	37
69	BOJANGLES	158,280	186,700	(15.2)	713	222	276	(19.6)	62
70	BAKERS SQUARE	155,788	130,385	19.5	1,225	138	116	19.0	80
71	WINCHELL'S DONUT HOUSES	150,953	162,315	(7.0)	207	727	743	(2.2)	24
72	BROWN DERBY	150,800*	147,000*	2.6	2,900	52	50	4.0	99
73	SHOWBIZ PIZZA	147,000*	158,000*	(7.0)	900*	185	183	1.1	74
74	BRAUM ICE CREAM STORES	145,000	135,000*	7.4	750	195	190	2.6	69
75	SHAKEY'S PIZZA	142,000*	144,905	(2.0)	558	254	269	(5.6)	57
76	MR. GATTI'S	140,000	139,200*	0.6	455	337	319	5.6	49
77	DEL TACO	137,000*	125,000*	(7.0)	550*	287*	263	9.1	52
78	LEE'S FAMOUS RECIPE	137,000	133,970	2.3	521	275	268	2.6	55
79	HOULIHAN'S	135,000*	135,000	0	2,500	55	55	0	96
80	MAZZIO'S PIZZA	135,000	130,000	3.8	600	279	271	3.0	53
81	PAPA GINO'S	134,000	104,100	28.7	625	200	177	13.0	68
82	YORK STEAK HOUSE	132,683	133,395*	(0.5)	1,186	111	114	(2.6)	89
83	OLIVE GARDEN	130,677	44,821*	191.6	2,582	70	30	133.3	94
84	FUDDRUCKERS	129,629	118,438	9.4	1,172	116	105	10.5	88
85	COCO'S	128,000*	125,000*	2.4	925	139	139*	0	79
86	A&W RESTAURANTS	122,600	125,700	(2.5)	230	502	476	5.5	40
87	TCBY	121,200	71,100	70.5	210	822	458	79.5	23
88	KETTLE RESTAURANTS	120,149	114,792	4.7	575	208	197	5.6	65
89	SBARRO	116,000*	84,158*	37.8	500	253	190	33.2	58
90	EL CHICO	112,000	112,000*	0	902	97	106	(8.5)	91
91	RED ROBIN	112,000*	66,000	69.7	2,500	45	44	2.3	100
92	CRACKER BARREL	110,621	88,189	25.4	2,087	55	49	12.2	96
93	MRS. FIELDS COOKIES	110,000*	65,000*	69.2	330	400	310	29.0	45
94	NAUGLES	109,000	112,000	(2.7)	650	165	176	(6.3)	76
95	ORANGE JULIUS	109,000*	107,000	1.9	190	579	600	(3.5)	32
96	WIENERSCHNITZEL	109,000	99,000	10.1	400	273	272	0.4	54
97	CHART HOUSE	108,000*	100,000*	8.0	2,150	54	54	0	98
98	SLIMPIE	106,400	94,000	13.2	400	300	265	13.2	51
99	RUBY TUESDAY	104,000	75,000*	38.7	1,600	63	48	31.3	95
100	TASTEE FREEZ	103,800*	103,000*	0.8	240*	432*	450*	(4.0)	44

*TECHNOMIC estimate

continued on page 100

RANK BY SALES

DOMINO'S PIZZA

Ann Arbor, MI

RANK BY UNITS: 6

1987 U.S. Systemwide Sales ($000)	$1,893,200
1987 U.S. Systemwide Units	4,279
1987 Average Unit Volume ($000)	$466

Domino's is anticipating its 5,000th unit early in 1989, and recently moved into Spain and Costa Rica. In test are a pan pizza and regional toppings: Cajun shrimp, German sausage, and Philly steak. Domino's is also looking at freestanding units with seating and a prefabricated model. Safe-driving programs are being emphasized for drivers; the 30-minute guarantee is still in force.

10 DENNY'S

(TW Services Inc.)
La Mirada, CA

RANK BY UNITS: 17

1987 U.S. Systemwide Sales ($000)	$1,192,079
1987 U.S. Systemwide Units	1,132
1987 Average Unit Volume ($000)	$1,059

The menu has been trimmed, with some of the newer items removed and a return to coffee shop roots predicted under new owner TW Services. Morale at headquarters is still low following numerous post-acquisition layoffs, but second-quarter earnings were up 26% from year-earlier totals, indicating a turnaround is underway. A new president, Samuel Maw, is now in charge.

8 DAIRY QUEEN

Minneapolis, MN

RANK BY UNITS: 5

1987 U.S. Systemwide Sales ($000)	$1,650,000
1987 U.S. Systemwide Units	4,422
1987 Average Unit Volume ($000)	$375

The segment leader hopes to expand its shopping-mall Treat Centers, which combine DQ frozen desserts with the snacks and beverages of Orange Julius and Karmelkorn, recently acquired by parent International Dairy Queen. There are approximately 20 Treat Centers currently open; 35 are projected by the end of 1988. The company has also been testing frozen yogurt.

RED LOBSTER

(General Mills Restaurant Group)
Orlando, FL

RANK BY UNITS: 46

1987 U.S. Systemwide Sales ($000)	$1,050,670
1987 U.S. Systemwide Units	397
1987 Average Unit Volume ($000)	$2,671

Red Lobster is proving that quality seafood can be executed on a chain basis. All units are company-owned; expansion is continuing at a rapid pace. Red Lobster entered the Northwestern market this year with the acquisition of the 28-unit Seafood Broiler chain, and is also increasing penetration on the Eastern seaboard. Twenty units are expected to open in the next year.

TACO BELL

(PepsiCo Inc.)
Irvine, CA

RANK BY UNITS: 9

1987 U.S. Systemwide Sales ($000)	$1,500,000
1987 U.S. Systemwide Units	2,696
1987 Average Unit Volume ($000)	$557

The No. 1 Mexican fast feeder introduced chicken fajitas and "MexiMelt" tortilla sandwich this year, as well as the "Gold Standard '88," which flattens management layers and attempts to put some of the best people in the field. In the last 5 years, the company's unit count has doubled and systemwide sales have tripled. Goal: $4 billion in sales, 4,000 units by the end of 1991.

12 ARBY'S

Atlanta, GA

RANK BY UNITS: 13

1987 U.S. Systemwide Sales ($000)	$978,000
1987 U.S. Systemwide Units	1,764
1987 Average Unit Volume ($000)	$548

Arby's is the first fast feeder to offer a joint-venture franchise with another food concept, franchised [illegible] Cookie Company Ltd. The company has also added toll-free customer hotlines in its units, and is testing use of Visa and MasterCard in Cleveland. Menu additions include curly-Q french fries, and corned beef & swiss and reuben sandwiches.

RANK BY SALES

[illegible]

BIG BOY

(Elias Brothers Restaurants Inc.)
Warren, MI

RANK BY UNITS: 19

1987 U.S. Systemwide Sales ($000)	$950,000**
1987 U.S. Systemwide Units	950**
1987 Average Unit Volume ($000)	$1,000**

In the space of 1 year, Elias has gone from a regional franchisee of Big Boy to the owner of the system with its purchase of the name from Marriott in late 1987. It also bought Elby's, a Pittsburgh regional chain, and built some new units in Michigan. It intends to grow Big Boy nationally, moving out to contiguous states from existing markets.

14

LONG JOHN SILVER'S

(Jerrico Inc.) **Lexington, KY**

RANK BY UNITS: 14

1987 U.S. Systemwide Sales ($000)	$743,441
1987 U.S. Systemwide Units	1,435
1987 Average Unit Volume ($000)	$529

LJS has expanded its menu to include more shellfish, and continues to test broiled fish and shrimp. The company is chided by Wall Street for moving too slowly, but LJS is obviously positioned to take advantage of the public's increasing consumption of seafood. Although earnings for fiscal 1988 were flat, the company is viewed by some as an attractive takeover target.

[illegible]

LITTLE CAESARS

Farmington Hills, MI

RANK BY UNITS: 11

1987 U.S. Systemwide Sales ($000)	$725,000
1987 U.S. Systemwide Units	1,820
1987 Average Unit Volume ($000)	$465(E)

Little Caesars claims to be growing at the fastest rate in the segment thanks to 2-for-1-price deals. The chain debuted on national TV in 1988 with ads developed by Cliff Freeman & Partners ("Where's The Beef?"), and expects to hit $1 billion in sales this year. New products include a square pizza, also sold on 2-for-1, but the company has no current plans for delivery.

16

SIZZLER

(Collins Foods International Inc.)
Los Angeles, CA

RANK BY UNITS: 35

1987 U.S. Systemwide Sales ($000)	$705,400
1987 U.S. Systemwide Units	542
1987 Average Unit Volume ($000)	$1,430

Sizzler, the family restaurant concept featuring steak, seafood, and an enormous all-you-can-eat buffet, just reported its 29th consecutive quarter of record sales and earnings. Sizzler expects to reach sales of $1 billion on an annualized basis this year. Substantial expansion is taking place in Australia, and new units are opening in all existing U.S. markets.

[illegible]

PONDEROSA

(Metromedia Inc.)
Dayton, OH

RANK BY UNITS: 26

1987 U.S. Systemwide Sales ($000)	$699,731
1987 U.S. Systemwide Units	690
1987 Average Unit Volume ($000)	$1,025

Sales got a boost from the new 80-item Grand Buffet, an expanded version of the company's salad buffet, which includes new hot appetizers such as deep-fried vegetables, meatballs, and chicken wings. Ponderosa's recent sale to privately held Metromedia Inc., a holding and investment company, is helping: About 50 new company stores will open in the next few years.

18

JACK IN THE BOX

(Foodmaker Inc.)
San Diego, CA

RANK BY UNITS: 20

1987 U.S. Systemwide Sales ($000)	$684,558
1987 U.S. Systemwide Units	897
1987 Average Unit Volume ($000)	$788

Management has just announced plans to go private—for the second time in 3 years. Sales gains continue, thanks to new fajita pita sandwiches and finger foods. Constant reevaluation of product mix and formulation has secured Jack's place as the upscale fast-food leader in its 14-state trading area. Salads have recently been improved; new finger foods are on the way.

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RANK BY SALES

19 SHONEY'S

Nashville, TN

RANK BY UNITS: 29

1987 U.S. Systemwide Sales ($000)	$677,000
1987 U.S. Systemwide Units	604
1987 Average Unit Volume ($000)	$1,361

In the aftermath of a $585 million leveraged recapitalization by parent Shoney's Inc., company store growth plans in 1988 were cut to 17 units from 65-70 units. An aggressive franchising effort, the first in years, will target individuals and groups outside the company, rather than existing franchisees as in the past. Currently, more than half of Shoney's units are franchised.

20 DUNKIN' DONUTS

Randolph, MA

RANK BY UNITS: 16

1987 U.S. Systemwide Sales ($000)	$646,350
1987 U.S. Systemwide Units	1,390
1987 Average Unit Volume ($000)	$465

Dunkin' Donuts is expanding a line of soups and croissants to boost its p.m. business; fresh-baked bagels and rolls are also in test. DD sold its first of several exclusive development contracts to franchisees in 3 new markets, and is optimistic about joint-venture tests with Circle K and 7-Eleven and a gasoline station. New units feature express counters for takeout.

[illegible] FRIENDLY RESTAURANTS

(Tennessee Restaurant Co.) Wilbraham, MA

RANK BY UNITS: 22

1987 U.S. Systemwide Sales ($000)	$572,400
1987 U.S. Systemwide Units	842
1987 Average Unit Volume ($000)	$685

Earlier this year, high overhead, sagging sales, and a labor crunch forced Friendly Restaurants to cut staff and curtail expansion. The troubled ice cream and sandwich chain was sold this summer by Hershey Foods Corp. to the Chicago-based Tennessee Restaurant Co. for $375 million in cash; TRC, which also owns Perkins Family Restaurants, operates the chains separately.

22 ROY ROGERS

(Marriott Corp.)
Washington, DC

RANK BY UNITS: 34

1987 U.S. Systemwide Sales ($000)	$557,500(E)
1987 U.S. Systemwide Units	556
1987 Average Unit Volume ($000)	$1,040

Roy Rogers is known for fried chicken as well as burgers and roast beef, dressed at a Fixin's Bar. Burger sales are getting a boost from the introduction of already dressed Express Burgers, which were tested in Baltimore and Washington and are now being rolled out in other markets. The company plans to open another 200 units in the next 5 years, mostly in the Northeast.

23 CHURCH'S FRIED CHICKEN

San Antonio, TX

RANK BY UNITS: 15

1987 U.S. Systemwide Sales ($000)	$509,724
1987 U.S. Systemwide Units	1,422
1987 Average Unit Volume ($000)	$361

Under new head Ernie Renaud, Church's is attempting another turnaround, with over 10 weeks of sales increases as of October. "Chicken Big," a large chicken sandwich that failed to measure up, has been scrapped. Other menu changes are on the way, and some marginal markets will probably be abandoned. A building redesign program is also in the works.

24 BONANZA

(USACAFES L.P.)
Dallas, TX

RANK BY UNITS: 36

1987 U.S. Systemwide Sales ($000)	$479,936
1987 U.S. Systemwide Units	540
1987 Average Unit Volume ($000)	$918

The fast-growing family restaurant chain celebrated its 25th anniversary in 1988 by unveiling Freshtastiks Food Fare, an expanded and remodeled food bar featuring "Lighter Fare," the segment's first freestanding merchandising module for low-sodium, low-cholesterol, and low-calorie foods. Plans call for 70-75 new stores this year, and a similar number in 1989.

continued on page 104

RANK BY SALES

WESTERN SIZZLIN'

Augusta, GA

RANK BY UNITS: 31

1987 U.S. Systemwide Sales ($000)	$466,244
1987 U.S. Systemwide Units	585
1987 Average Unit Volume ($000)	$790

Frank Carney, founder of Pizza Hut, and Mike Stack, former Chi-Chi's franchisee, joined with others to buy a 49% stake in Western Sizzlin'; 2 holding companies own the rest. Plans call for improving restaurants and the menu, and developing a new advertising strategy to build unit volumes. Franchisee support will be beefed up, and the chain's size may eventually double.

26

BASKIN-ROBBINS

Glendale, CA

RANK BY UNITS: 10

1987 U.S. Systemwide Sales ($000)	$460,000(E)
1987 U.S. Systemwide Units	2,511
1987 Average Unit Volume ($000)	$183

The number-2 ice cream chain is promoting lighter, lower-calorie items in addition to its premium and superpremium ice products, including frozen yogurt and Low, Light & Luscious, a 97% fat-free frozen dairy dessert. Store remodeling will continue at least throughout 1988, with more than half of all stores completed thus far.

BENNIGAN'S

(The Pillsbury Company)
Dallas, TX

RANK BY UNITS: 64

1987 U.S. Systemwide Sales ($000)	$455,000
1987 U.S. Systemwide Units	211
1987 Average Unit Volume ($000)	$2,200

Bennigan's fate is unknown in light of an unfriendly offer for Pillsbury by the British conglomerate Grand Metropolitan PLC, which said it would sell Pillsbury's full-service restaurants. The chain's third-quarter same-store sales fell 5%, and Pillsbury had announced it would sell or close poor-performing units. Still, plans called for 50 openings in the next 5 years, most in the Northeast.

28

EL TORITO

(Restaurant Enterprises Group Inc.)
Irvine, CA

RANK BY UNITS: 66

1987 U.S. Systemwide Sales ($000)	$450,000(E)
1987 U.S. Systemwide Units	205
1987 Average Unit Volume ($000)	$2,200

El Torito is expanding conservatively after growth as high as 20 units per year in the early '80s. This year, 4 new units opened, and 4 are expected in 1989, all in California. The chain may begin to advertise in light of positive results from a TV test in Seattle this summer. Six new Southwestern items added to its traditional Sonoran menu helped increase third-quarter sales 6%-8%.

POPEYES

Jefferson, LA

RANK BY UNITS: 25

1987 U.S. Systemwide Sales ($000)	$445,000(E)
1987 U.S. Systemwide Units	707
1987 Average Unit Volume ($000)	$750

After adding 85 restaurants in 1988, Popeyes anticipates 100 new units in 1989, many designed to fill in existing markets. A double drive-thru with a walk-up window is also being tested, offering the full Popeyes menu in a prefabricated, 675-sq.-ft. building. More seafood emphasis is apparent in seasonal offerings of catfish, crawfish, and crab claws.

30

CHI-CHI'S

(Foodmaker Inc.)
Louisville, KY

RANK BY UNITS: 73

1987 U.S. Systemwide Sales ($000)	$425,000
1987 U.S. Systemwide Units	186
1987 Average Unit Volume ($000)	$2,400

Foodmaker has not made any major changes in Chi-Chi's, which it acquired in April for $235 million, beyond some training and service improvements. Plans call for 12 new units in the next fiscal year, mostly in its Midwestern and mid-Atlantic strongholds, but with an eye to smaller markets (8 will be 5,700-sq.-ft. prototypes, the rest customary 7,000-sq.-ft. buildings).

continued on page 108

RANK BY SALES

31

GOLDEN CORRAL

(Investors Management Corp.)
Raleigh, NC

RANK BY UNITS: 41

1987 U.S. Systemwide Sales ($000)	$381,000(E)
1987 U.S. Systemwide Units	493
1987 Average Unit Volume ($000)	$816(E)

This family steak-house chain is continuing to refine its menu, with emphasis on the Superbar food bar that was rolled out over the last 12 months and is now in 80% of stores. The chain continues to be a steady performer, with sales up slightly this year.

32

CARL'S JR.

(Carl Karcher Enterprises)

RANK BY UNITS: 43

1987 U.S. Systemwide Sales ($000)	$380,000(E)
1987 U.S. Systemwide Units	446
1987 Average Unit Volume ($000)	$905

Carl's Jr. continues to test debit cards in San Diego and Sacramento markets; customers use a bank debit card at the register, and can get up to $40 cash back. The company has rebounded in fiscal 1988 following losses in fiscal 1987, thanks to aggressive introduction of new menu items such as packaged salads and a country fried steak sandwich, as well as unit remodeling.

33

T.G.I. FRIDAY'S

(Carlson Companies Inc.)
Dallas, TX

RANK BY UNITS: 82

1987 U.S. Systemwide Sales ($000)	$364,122
1987 U.S. Systemwide Units	128
1987 Average Unit Volume ($000)	$2,900

The rebounding casual chain is ready to grow again; after adding only 4 new units in 1987 and 1988, it will add 8 to 10 in 1989 and 10 to 15 in 1990, building to an ultimate 15% annual growth rate. 1988 will be the first fiscal year since 1982 with positive comparable store sales, which are trending 2% to 4% higher thus far. Operating profits are projected to be up 35%.

34

SUBWAY

(Doctor's Associates Inc.)
Milford, CT

RANK BY UNITS: 12

1987 U.S. Systemwide Sales ($000)	$360,000
1987 U.S. Systemwide Units	1,810
1987 Average Unit Volume ($000)	$200

Now experiencing phenomenal growth, Subway opens 25 new units in some weeks, primarily the result of existing franchisees opening new units for a reduced franchise fee. The menu has changed little recently, and average unit volumes appear to be holding steady. Canada and Australia are offering big growth opportunities for the sandwich chain.

35

RAX

Columbus, OH

RANK BY UNITS: 39

1987 U.S. Systemwide Sales ($000)	$358,275
1987 U.S. Systemwide Units	526
1987 Average Unit Volume ($000)	$701

Rax recently ended its fiscal year with its highest profits in 4 years, and the third highest net income since the company was incorporated, bringing a dramatic turnaround in share price: 35¢ a share in fiscal 1988, vs. a loss of 34¢ a share in fiscal 1987. Rax is testing a drive-thru-only concept called Zoomz that serves a limited menu of sandwiches, french fries, drinks, and burgers.

36

PERKINS

(Tennessee Restaurant Co.)
Memphis, TN

RANK BY UNITS: 50

1987 U.S. Systemwide Sales ($000)	$343,138
1987 U.S. Systemwide Units	334
1987 Average Unit Volume ($000)	$1,027

Perkins continues its improvement under TRC; unit remodeling, new in-store bakeries, and improved marketing are contributing to 5% same-store sales increases this year. Breakfast remains strong, thanks to signature pancakes, waffles, and premium omelets, but Perkins is targeting dinner with its extended "melts" sandwich line and 5 new grilled chicken breast dinners.

continued on page 110

RANK BY SALES

[illegible]

CAPTAIN D'S

(Shoney's Inc.)
Nashville, TN

RANK BY UNITS: 33

1987 U.S. Systemwide Sales ($000)	**$329,000**
1987 U.S. Systemwide Units	**574**
1987 Average Unit Volume ($000)	**$631**

Parent company Shoney's went through a recapitalization process this year, switching the company's emphasis from developing company-owned restaurants to franchising. Captain D's was not greatly affected, because the fast-food seafood concept already emphasized franchising. About 30 units have been converted to a new store design. Newest menu item is baked fish.

38

SONIC

Oklahoma City, OK

RANK BY UNITS: 18

1987 U.S. Systemwide Sales ($000)	**$315,000**
1987 U.S. Systemwide Units	**953**
1987 Average Unit Volume ($000)	**$330**

Sonic, a hamburger chain with '50s-style carhop service, has been growing steadily since an LBO by management in 1986. The company opened 50 units in fiscal 1987, another 60 in fiscal '88, and projects the opening of 75 additional units in fiscal '89. Growth is focused on California and the Southeast. The chain is emphasizing nostalgia by using Frankie Avalon in advertising.

[illegible]

INTL. HOUSE OF PANCAKES

North Hollywood, CA

RANK BY UNITS: 42

1987 U.S. Systemwide Sales ($000)	**$300,000**
1987 U.S. Systemwide Units	**460**
1987 Average Unit Volume ($000)	**$652**

Having completed an LBO of its former Swiss parent SVIDO, IHOP is upping expansion with 10 to 12 company and 10 franchised stores in 1989. The popular Rooty Tooty breakfast deal is backed by a new TV spot. IHOP is debuting Harvest Grain and Nut pancakes in selected markets and is also promoting 4 chicken sandwich platters and a Deep Sea Dinner Deal.

40

MORRISON'S FAMILY DINING

RANK BY UNITS: 78

1987 U.S. Systemwide Sales ($000)	**$300,000**
1987 U.S. Systemwide Units	**158**
1987 Average Unit Volume ($000)	**$1,900**

Having changed signage to Morrison's Family Dining from Morrison's Cafeterias, the segment leader is spiffing up its image with unit remodelings. A smaller prototype (8,800 sq. ft. vs. 10,400 sq. ft.) allows an increase in seating from 285 to 320. The company added 9 units in fiscal 1988 and plans 10 in fiscal 1989, 4 of which will incorporate the new design.

[illegible]

PIZZA INN

(Pantera's Inc.)
Dallas, TX

RANK BY UNITS: 27

1987 U.S. Systemwide Sales ($000)	**$285,000(E)**
1987 U.S. Systemwide Units	**672**
1987 Average Unit Volume ($000)	**$457**

Under new owner Pantera's, some changes have been made. A New York-style pizza has been introduced, and a variety of other pizzas are in various stages of test. In addition, an Italian buffet is also being tested. A 30-minute delivery guarantee is still in effect.

42

WHITE CASTLE

Columbus, OH

RANK BY UNITS: 61

1987 U.S. Systemwide Sales ($000)	**$282,630**
1987 U.S. Systemwide Units	**229**
1987 Average Unit Volume ($000)	**$1,264**

This venerable burger chain boasts unit volumes that are among the highest in the burger segment, and shows consistent growth. White Castle recently embarked upon an era of modern marketing under E.W. Ingram III, grandson of the co-founder, adding new menu items and sharpening advertising and promotion efforts to target younger customers.

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RANK BY SALES

[illegible]

ROUND TABLE PIZZA

San Francisco, CA

RANK BY UNITS: 38

1987 U.S. Systemwide Sales ($000)	$265,000
1987 U.S. Systemwide Units	530
1987 Average Unit Volume ($000)	$500

Like others, this regional pizza chain, which operates in 10 states, is expanding delivery, with over 100 stores now offering it. Management is currently reviewing the menu for possible deletions and additions, and at least 6 new products are in various stages of test. Meanwhile, average unit volumes are holding steady in the $500,000 range.

44

BOB EVANS

Columbus, OH

RANK BY UNITS: 70

1987 U.S. Systemwide Sales ($000)	$257,760(E)
1987 U.S. Systemwide Units	194
1987 Average Unit Volume ($000)	$1,350

Bob Evans Restaurants is emphasizing value to boost dinner sales, pricing 7 of 12 entrees under $5. New selections include beef stew, charbroiled catfish, meat loaf, and country-fried steak. Acquisition of Owens Sausage Co. of Texas last year brought the potential of 100 new Owens Family Restaurants, with 1 Owens unit now in operation and 2 under construction.

[illegible]

GODFATHER'S PIZZA

Omaha, NE

RANK BY UNITS: 30

1987 U.S. Systemwide Sales ($000)	$252,516
1987 U.S. Systemwide Units	590
1987 Average Unit Volume ($000)	$429

A recently completed LBO put 6 top managers and Citicorp in an ownership position. Dessert pizzas and bacon cheeseburger pizzas are both new menu additions, but Godfather's 30-minute delivery guarantee was recently cut back due to concerns over driver safety. Centralized ordering is now in place in 3 markets, with more expected soon.

46

CARVEL ICE CREAM

Yonkers, NY

RANK BY UNITS: 21

1987 U.S. Systemwide Sales ($000)	$245,000(E)
1987 U.S. Systemwide Units	850
1987 Average Unit Volume ($000)	$355

There are reports that the privately held, 55-year-old ice cream chain is considering offers for the business, since founder and principal stockholder Thomas Carvel is in his late 70s. Following the lead of its segment competitors, the third-largest ice cream chain began testing frozen yogurt this summer.

[illegible]

STUART ANDERSON'S

(American Restaurant Group) Los Altos, CA

RANK BY UNITS: 87

1987 U.S. Systemwide Sales ($000)	$245,000(E)
1987 U.S. Systemwide Units	117
1987 Average Unit Volume ($000)	$2,220

This chain is a solid performer after refocusing on its steakhouse identity (for a while, the chain had tried to shed its image as a steak house because of a reported decline in red meat consumption). The chain lost 19 units when Marriott sold it to American Restaurant Group, but just opened a new one in Southern California.

48

LUBY'S CAFETERIAS

San Antonio, TX

RANK BY UNITS: 90

1987 U.S. Systemwide Sales ($000)	$239,002
1987 U.S. Systemwide Units	108
1987 Average Unit Volume ($000)	$2,370

Luby's enjoyed its 15th straight year of record sales and net income in 1987—and the segment's highest average unit volume. Luby's now offers a take-out menu at all units, and has a dedicated take-out counter and staff at its new Houston unit. After roughly doubling in size in the past decade, Luby's is committed to a 10% annual growth, planning 11 openings in fiscal '89.

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RANK BY SALES

[illegible] STEAK & ALE

(The Pillsbury Co.)
Dallas, TX

RANK BY UNITS: 75

1987 U.S. Systemwide Sales ($000)	**$235,000**
1987 U.S. Systemwide Units	**170**
1987 Average Unit Volume ($000)	**$1,400**

Steak & Ale's status was uncertain at press time in the wake of an attempted takeover of Pillsbury by Grand Metropolitan PLC, a British liquor and food retailer that has said it would sell Steak & Ale because of laws preventing a liquor company from owning restaurants that serve liquor. Because of soft sales, Steak & Ale is refocusing on its image as a classic steak house.

50 WAFFLE HOUSE

Norcross, GA

RANK BY UNITS: 28

1987 U.S. Systemwide Sales ($000)	**$235,000(E)**
1987 U.S. Systemwide Units	**635**
1987 Average Unit Volume ($000)	**$380**

This privately held chain of 24-hour diner/coffee shops now operates in 20 states, including Texas, Arizona, Colorado, New Mexico, Illinois, and Indiana; approximately 350 units are franchised. No-frills Waffle House serves specialty waffles and other breakfast foods all day; the menu also includes sandwiches, chicken, seafood, and steaks.

51 GROUND ROUND

(Hanson Trust PLC)
South Weymouth, MA

RANK BY UNITS: 72

1987 U.S. Systemwide Sales ($000)	**$228,600**
1987 U.S. Systemwide Units	**192**
1987 Average Unit Volume ($000)	**$1,191**

Family-oriented Ground Round has returned to profitability following 3 years of losses; in fiscal 1987, operating profits were up 67%. The company is growing; earlier this year, 19 Stuart Anderson's restaurants were acquired from Marriott for conversion. The company also has an agreement with The Riese Organization to develop a minimum of 9 Ground Rounds in NYC.

52 CHILI'S

Dallas, TX

RANK BY UNITS: 83

1987 U.S. Systemwide Sales ($000)	**$226,110**
1987 U.S. Systemwide Units	**126**
1987 Average Unit Volume ($000)	**$1,950**

Fiscal 1988 was another growth year; revenues, net income, and earnings increased, and same-store sales rose 4.6%. Chili's opened 21 company and 11 joint-venture and franchised stores for a total of 146 units, and plans a similar pace in 1989. The company recently rolled out a new menu with 4-color art and 2 new items, a tuna-steak sandwich and Southwestern shrimp.

53 QUINCY'S FAMILY STEAKHOUSES

(TW Services Inc.) **Spartanburg, SC**

RANK BY UNITS: 63

1987 U.S. Systemwide Sales ($000)	**$221,500**
1987 U.S. Systemwide Units	**215**
1987 Average Unit Volume ($000)	**$1,030**

For the last 2 years, Quincy's has foregone expansion to concentrate on building store traffic. As a result, sales are on a steady upward trend, and unit expansion will resume in 1989. The chain's Country Sideboard food bar has been expanded to include a dessert bar with soft-serve sundaes, and the company is investing about $7 million a year upgrading units.

54 MARIE CALLENDER PIE SHOPS

(Ramada Inns Inc.) **Orange, CA**

RANK BY UNITS: 81

1987 U.S. Systemwide Sales ($000)	**$220,000(E)**
1987 U.S. Systemwide Units	**135**
1987 Average Unit Volume ($000)	**$1,900**

The chain will step up expansion, opening 54 units in the next several years; development of the Midwest will begin in 1989. Sales have been buoyed by recent promotions: Lighter Side (healthy) and American Fall Classics (hearty). The chain says it does not expect legal battles between founder Don Callender and Ramada to impact it at this time.

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RANK BY SALES

[illegible] VILLAGE INN

(VICORP)
Denver, CO

RANK BY UNITS: 56

1987 U.S. Systemwide Sales ($000)	$219,700
1987 U.S. Systemwide Units	272
1987 Average Unit Volume ($000)	$873

A reemphasis on breakfast has helped boost customer counts and sales in fiscal '88, despite lingering difficulties caused by the rapid absorption of 175 Sambo's units into the VICORP system. As it climbs back into the black, the chain will halt new unit growth, focusing on training, recruitment, and retention.

58 WHATABURGER

Corpus Christi, TX

RANK BY UNITS: 48

1987 U.S. Systemwide Sales ($000)	$210,000(E)
1987 U.S. Systemwide Units	345
1987 Average Unit Volume ($000)	$600

This hamburger chain markets to adults, with a menu of built-to-order burgers, onion rings, fish sandwiches, omelet sandwiches, and pancakes. The chain is now adding drive-thrus, and last year introduced the "taquito," a tortilla with pork sausage, egg, and cheese. The privately held company boasts a very strong presence in the Southwestern region.

56 PICCADILLY CAFETERIAS

Baton Rouge, LA

RANK BY UNITS: 86

1987 U.S. Systemwide Sales ($000)	$219,609
1987 U.S. Systemwide Units	118
1987 Average Unit Volume ($000)	$1,861

Fiscal 1983 brought 8% sales growth and 10 new cafeterias, including 2 in high-potential California; fiscal 1989 calls for at least 12 more units—2 more in California. Other priorities include a breakfast test, expanded take-out program, and new double-line units designed to double sales at a minimal investment. New menu items stress ethnic entrees and "treat" items.

[illegible] CHICK-FIL-A

Atlanta, GA

RANK BY UNITS: 47

1987 U.S. Systemwide Sales ($000)	$202,724
1987 U.S. Systemwide Units	363
1987 Average Unit Volume ($000)	$574

Chick-fil-A, located in 31 states, primarily operates in malls, but has just built 10 freestanding stores to fill in markets. The new designs garner annual revenues in the $1 million range, almost doubling mall totals. Breakfast has also been added in new locations, helping to spur 11% sales increases last year. Potential trouble: drought-induced chicken price increases.

[illegible] FURR'S CAFETERIAS

(Furr's/Bishop's Cafeterias L.P.) Lubbock, TX

RANK BY UNITS: 83

1987 U.S. Systemwide Sales ($000)	$212,350(E)
1987 U.S. Systemwide Units	126
1987 Average Unit Volume ($000)	$1,500(E)

An all-you-can-eat promotion has significantly increased customer traffic for Furr's Cafeterias and its sister chain, Bishop's; counts in June of 1988 increased 9% over year-ago levels. Drive-thru and take-out tests are in the works at 8 remodeled cafeterias. Furr's/Bishop's Cafeterias L.P., a unit of Cavalcade & Co., did not expand during 1988.

60 TONY ROMA'S

Dallas, TX

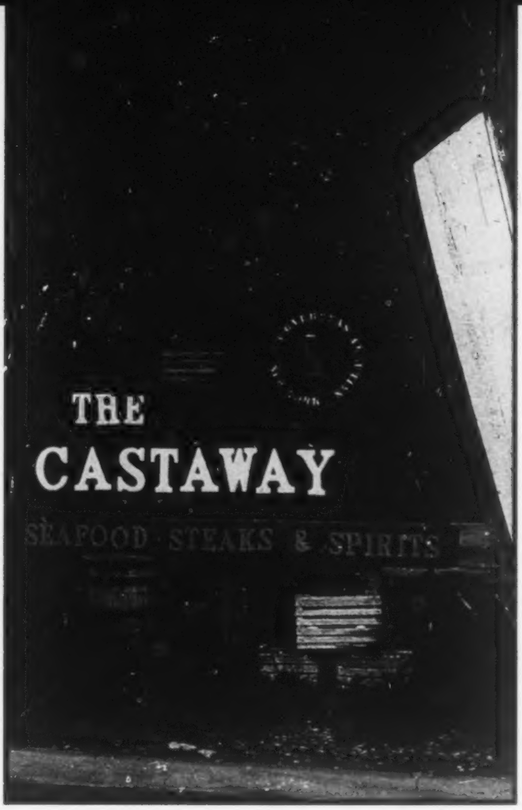
RANK BY UNITS: 92

1987 U.S. Systemwide Sales ($000)	$200,000(E)
1987 U.S. Systemwide Units	96
1987 Average Unit Volume ($000)	$2,350

Tony Roma's remains true to its signature ribs and limited-menu concept, but it continues to broaden its appeal with items added in the past few years such as beef, chicken, seafood, and a few appetizers. The chain will add about 25 to 30 units this year and keep up the pace next year. The Pacific Northwest is a promising expansion region.

continued on page 123

For more information on Norpac Food Sales circle number 206 →



taurants, and a few others. It was easy to make money then. It has changed completely. It is so competitive now."

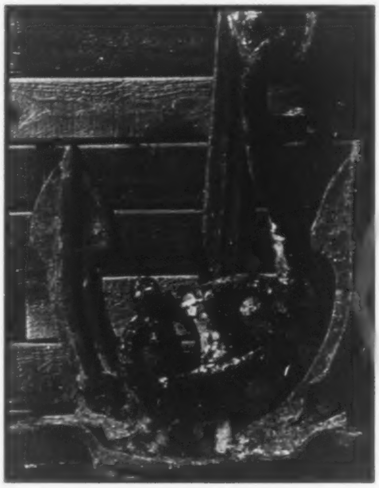
Partly in response to the competitive pressures of the burgeoning restaurant industry, Tallichet took the company public in 1968. "That was a time when Kentucky Fried Chicken and McDonald's could do no wrong—Wall Street loved restaurants," recalls Tallichet. SRC had 11 restaurants at the time, and each one was structured as a partnership. "My partners wanted to get their money out of the thing, so I took the company public for them. But I never really liked being part of a public company."

By 1980, Tallichet had decided he wanted to go private again, and he did, with about 120 other shareholders. Tallichet's family now owns 98% of the company, with Tallichet himself holding a 2.5% share. But the repurchase of the company took its toll, and the debt load has been high ever since then. "We have a debt problem today," admits Tallichet. "It took being turned down for more money by banks for me to see it, though. Banks are more honest with you than your own board of directors is," he complains.

CATALYSTS FOR CHANGE. The bank problems have forced Tallichet to look at his restaurant chain more closely, and have been—in part—the catalysts for the changes now occurring at SRC. Staib, an operations pro who arrived from Omni Hotels six months ago and hasn't yet stopped to unpack his boxes from back East, has begun to institute changes designed to help turn SRC's fortunes around.

"My job is simple," comments Staib. "It's to take these spectacular sites and build on that base. It isn't enough any more to have the finest locations in the business. We have to fight a competitive battle very aggressively in order to be successful. It is a tough, tough marketplace, and we have to battle for everything we get. No more free rides. Sure, we have great sites, but a lot of other guys cut into our turf."

Some of the biggest changes to come at SRC will probably occur on the chain's menus. "We will want to do smaller menus," says Staib, who became known during his tenure at Omni for developing slimmed-down, bistro-style menus featuring a range of lighter food items. Many SRC menus today feature large portions of beef, and plans call for adding lighter menu items, including salads and fish, as well as trimming existing menus.



But changing SRC's menus, cautions Staib, must be handled carefully. "In many locations, we are the special-occasion restaurant," he emphasizes. "So it will be necessary to keep many of the traditional, higher-end cuts of beef and larger portions. In many markets, that's what people expect in a restaurant like ours."

Tallichet, who staked his company's reputation on large portions of food, is more emphatic than Staib in his insistence on keeping menus the way they are. "I want to see very little change in the menus," he says. "I especially don't want to mess around with trendy foods. I don't want to see pasta salads. I certainly think we should go easy on the sugar and salt in our recipes, but I don't want to walk away from the food that has built our reputation. I like large portions of steak and seafood, and I know that there are a lot of people out there who feel that same way."

Staib points to marketing and merchandising as two areas where Specialty needs to catch up. "We haven't been much of a merchandising company," he says. "But we have excellent opportunities to boost check averages, and to get people to come in more often. You have to remember that fixed costs stay the same, so any bit of extra business you can build is excellent." He points to opportunities at lunch, for early supper, for late dinners, and in catering. "All those dayparts represent potential new areas of business for us," says Staib. He intends to begin training managers to take advantage of those times when restaurants are quiet, by providing them with a portfolio of "off the shelf" promotions that can be used at any time. "Some promotions will work in some locations, but won't in others," says Staib. "I want to have a stable of them that managers can use when they want."

Staib also points to increasing wine sales as another income opportunity. Chainwide, the food/liquor ratio is cur-

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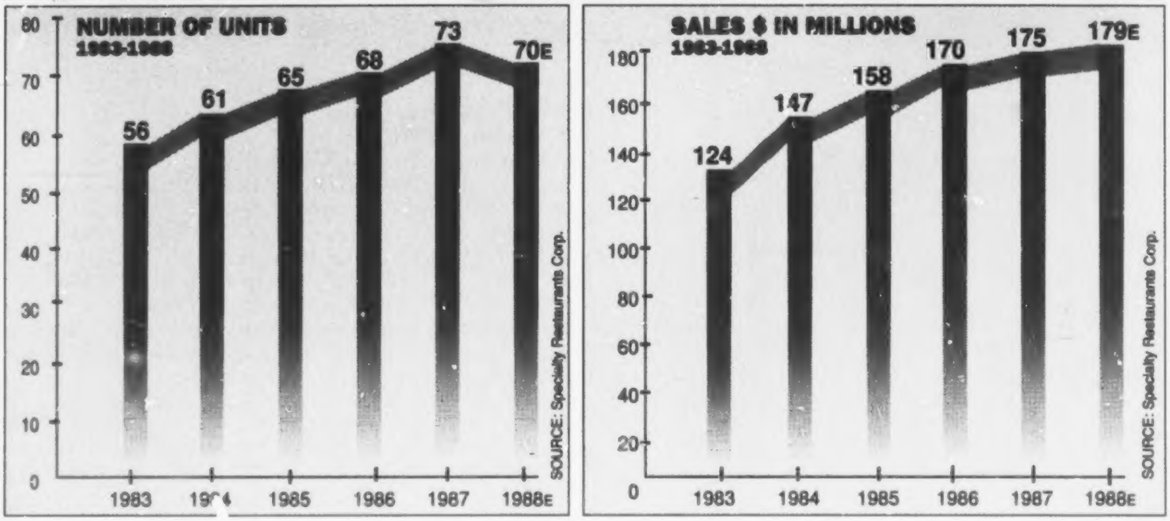
SPECIALTY RESTAURANTS CORP.



SOURCE: Specialty Restaurants Corp.

SOURCE: Specialty Restaurants Corp.

rently 80/20, and Staib is anxious to get to something closer to a 65/35 mix. "We're currently doing more wine training, upgrading wine lists, and adding wine by the glass," he adds. In addition, some units will be remodeled and refurbished, as capital expenditures permit. "Some of the locations have gotten too shabby and need to be upgraded," admits Staib.

But Staib insists that he is not out to "Omni-ize" Specialty Restaurants Corp. "I'm not going to put bistros in each location," Staib notes, referring to his strategy at Omni. "But I believe that the best advertising we can do is on the plate. So, we will look at menus on a regional basis and possibly make changes to reflect strong regional preferences." He points out that SRC is heavily dependent on a tourist dollar in many of its locations. "When they come into a Louisiana location, they should be able to expect a number of Louisiana dishes," says Staib. "We also want to develop signature items for each of the themes," adds Staib. "For example, I want a customer to be able to get certain dishes in each Baby Doe's location. That's important for developing an image."

And, beyond each individual theme's image, Staib is concerned with developing the reputation of SRC within the foodservice industry as a great place to work. "We want to be known as a company where ambitious people will want to come to work," he adds. Staib sees the organization not as a chain but as a "collage" or "collection" of restaurants. "We aren't like a Bennigan's or a Red Lobster," he says. "The manager doesn't just come over in the morning and turn a key

Shanghai Reds in Marina del Rey, CA, is [illegible] of a "Cheers" [illegible]

RANK BY SALES

61 WESTERN STEER MOM 'N' POPS

Claremont, NC

RANK BY UNITS: 70

1987 U.S. Systemwide Sales ($000)	**$189,000(E)**
1987 U.S. Systemwide Units	**194**
1987 Average Unit Volume ($000)	**$900**

This family steak-house chain concentrated in the Southeast is test-marketing a new menu to be introduced by February; although still steak-oriented, it includes entrees such as mesquite chicken and Hawaiian chicken. A unit-upgrade program is being promoted to franchisees. New management stepped in in 1987, headed by Cecil Hash, one of Western Steer's first franchisees.

62 WYATT CAFETERIAS

Dallas, TX

RANK BY UNITS: 85

1987 U.S. Systemwide Sales ($000)	**$187,000**
1987 U.S. Systemwide Units	**119**
1987 Average Unit Volume ($000)	**$1,600**

Since thwarting a takeover attempt by Furr's/Bishop's Cafeterias in 1988, Wyatt hopes to refocus its attention on the business. Future marketing will play up Wyatt's 100% employee ownership and high employee morale. Having shelved a breakfast test begun last fall, it is now testing "Wyatt's To Go," a dedicated carry-out line, in new and remodeled stores.

63 KRYSTAL

Nashville, TN

RANK BY UNITS: 60

1987 U.S. Systemwide Sales ($000)	**$185,000**
1987 U.S. Systemwide Units	**243**
1987 Average Unit Volume ($000)	**$765**

A continued focus on improving operations, coupled with the introduction of Double Krystals and 59¢ Sunriser breakfast sandwiches, have resulted in a return to improved sales and customer counts. Expansion plans focus on the new double-drive-thru "Kwik" concept as a cost-efficient way to increase Krystal distribution.

64 RYAN'S FAMILY STEAK HOUSES

Greer, SC

RANK BY UNITS: 93

1987 U.S. Systemwide Sales ($000)	**$185,000**
1987 U.S. Systemwide Units	**95**
1987 Average Unit Volume ($000)	**$2,344**

This hasn't been a great year for Ryan's; president T. Mark McCall resigned this summer after the company's sales plunged. Ryan's, famous for its "mega" food bars, has been the envy of the budget steak-house segment, with average unit volumes surpassing $2 million. Known for price/value relationship, Ryan's was hurt by its first price increase in 4 years.

65 PO FOLKS

Nashville, TN

RANK BY UNITS: 77

1987 U.S. Systemwide Sales ($000)	**$182,500**
1987 U.S. Systemwide Units	**163**
1987 Average Unit Volume ($000)	**$1,200**

New menu items include pot roast and meat loaf, as well as spaghetti. Strawberry shortcake—another new item—is also doing well. Advertising—now 5% of sales—primarily focuses on daily specials in the $2.99 to $4.99 range. No new units opened in 1988, and some franchisees went out of business or closed stores. A new president, John Theoharris, is now on board.

66 GRANDY'S

(American Restaurant Group Inc.)
Louisville, TX

RANK BY UNITS: 67

1987 U.S. Systemwide Sales ($000)	**$180,000**
1987 U.S. Systemwide Units	**201**
1987 Average Unit Volume ($000)	**$895**

Operating in 7 major markets in the Sunbelt, Grandy's added few new restaurants in 1988, but sales growth is climbing. Two new chicken sandwiches were added, a chicken breast and a chicken fried steak sandwich.

continued on page 124

RANK BY SALES

67 COUNTRY KITCHEN

(Carlson Companies Inc.) **Minneapolis, MN**

RANK BY UNITS: 74

1987 U.S. Systemwide Sales ($000)	**$169,200**
1987 U.S. Systemwide Units	**252**
1987 Average Unit Volume ($000)	**$641**

Carlson's Country Hospitality division plans to grow its mid-scale family-oriented Country Kitchen restaurants and Country Hospitality Inns to a target of 500 restaurants and 300 inns by the end of 1992; some will share sites. This year, 24 new restaurants were planned. CK maintains its positioning with items like country pot roast, designed to boost dinner sales.

68 MR. DONUT

(International Multifoods)
Minneapolis, MN

RANK BY UNITS: 69

1987 U.S. Systemwide Sales ($000)	**$169,000**
1987 U.S. Systemwide Units	**535**
1987 Average Unit Volume ($000)	**$286**

Plans call for 52 new stores by February 1989, with 5%-10% annual growth in the future. The company has taken over 5 supermarkets with in-house bakeries and is producing a Mr. Donut branded product, and is testing Tastee Freez soft-serve in 6 Mr. Donuts. The chain is promoting croissants and muffins and has a sandwich program in 30% of its system.

69 BOJANGLES

(Horn & Hardart Inc.)
New York, NY

RANK BY UNITS: 57

1987 U.S. Systemwide Sales ($000)	**$158,280**
1987 U.S. Systemwide Units	**222**
1987 Average Unit Volume ($000)	**$713**

At press time, Bojangles, which had become a disappointment for Horn & Hardart, was for sale. Management assumed it would be sold by the close of 1988.

70 BAKERS SQUARE

(VICORP)
Denver, CO

RANK BY UNITS: 49

1987 U.S. Systemwide Sales ($000)	**$155,788**
1987 U.S. Systemwide Units	**138**
1987 Average Unit Volume ($000)	**$1,225**

Fiscal 1988 will be profitable, as the chain recovers from the difficult absorption of 82 former Sambo's on the West Coast. The emphasis is on increasing store performance by simplifying operations and increasing training. The menu has been redesigned and cleaned of underperforming items. Traditional items such as signature pies, rather than new items, will be emphasized.

71 WINCHELL'S DONUT HOUSES

(TW Services Inc.) **La Mirada, CA**

RANK BY UNITS: 52

1987 U.S. Systemwide Sales ($000)	**$150,953**
1987 U.S. Systemwide Units	**727**
1987 Average Unit Volume ($000)	**$207**

New president Jim Verney is working hard on a turnaround with a new team, trying to increase unit volumes and boost morale. Cost-cutting has already hit headquarters hard, and regions have been reduced from 13 to 8. Management emphasizes that the chain is not for sale.

72 BROWN DERBY

Cleveland, OH

RANK BY UNITS: 55

1987 U.S. Systemwide Sales ($000)	**$150,800(E)**
1987 U.S. Systemwide Units	**52**
1987 Average Unit Volume ($000)	**$2,900**

This privately held company boasts a loyal following—and average unit volumes approaching $3 million. Aimed at families, the slightly upscale menu offers entrees ranging from chicken to steaks and fresh seafood. Units are usually freestanding; 1 new unit seats 560 people, but most are somewhat smaller. The company expands very slowly—about 1 new unit annually.

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RANK BY SALES

[illegible]

SHOWBIZ PIZZA

Irving, TX

RANK BY UNITS: 59

1987 U.S. Systemwide Sales ($000)	**$147,000(E)**
1987 U.S. Systemwide Units	**185**
1987 Average Unit Volume ($000)	**$900***

A pending deal will spin the pizza chain off from owner Integra (formerly Brock Hotel Corp.), freeing management to focus exclusively on pizza. Ten new units opened in 1988, with 16 expected in 1989, primarily in existing markets. Sales are up about 10% over '87, as the company continues to attract families, rather than preteens, with emphasis on skill games in stores.

74

BRAUM ICE CREAM STORES

Oklahoma City, OK

RANK BY UNITS: 37

1987 U.S. Systemwide Sales ($000)	**$145,000**
1987 U.S. Systemwide Units	**195**
1987 Average Unit Volume ($000)	**$750**

Braum Ice Cream Stores offer counter service of ice cream and sandwiches, plus dairy foods, sausage, and fresh-baked goods to take out. This privately held, family-owned company operates in three states—Oklahoma, Texas, and Kansas—with expansion into Arkansas possible. The company has been testing drive-thru windows for ice cream and sandwich takeout.

[illegible]

SHAKEY'S PIZZA

Irving, TX

RANK BY UNITS: 62

1987 U.S. Systemwide Sales ($000)	**$142,000(E)**
1987 U.S. Systemwide Units	**254**
1987 Average Unit Volume ($000)	**$558**

Following a period of dormancy, Shakey's now has 10 new units open or under construction. All are of a new 300-seat design and boast volumes in the $1 million range. New markets have been opened in California, Wisconsin, and Illinois, and the company has also started new product development and is now selling master franchises.

76

MR. GATTI'S

(LDB Corp.)
Austin, TX

RANK BY UNITS: 80

1987 U.S. Systemwide Sales ($000)	**$140,000**
1987 U.S. Systemwide Units	**337**
1987 Average Unit Volume ($000)	**$455**

The main strategy at Mr. Gatti's is to continue to build out existing markets. On-call number centers are being added to the existing 4 as markets warrant. The chain says it doesn't coupon, but offers 2-for-1s regularly. There is no guarantee on delivery. Units are gradually being refurbished to conform with new standards, including awnings and new window treatments.

[illegible]

DEL TACO

(AWR II Inc.)
Costa Mesa, CA

RANK BY UNITS: 24

1987 U.S. Systemwide Sales ($000)	**$137,000(E)**
1987 U.S. Systemwide Units	**287(E)**
1987 Average Unit Volume ($000)	**$550(E)**

Recently combined with Naugles under one banner by Anwar Soliman, this Mexican chain has yet to develop a permanent strategy beyond going after segment leader Taco Bell, especially in California. The number of restaurants of either concept is up in the air, although new items are in test and changes have been discussed by Soliman and new president Wayne Armstrong.

78

LEE'S FAMOUS RECIPE

(Shoney's Inc.) **Nashville, TN**

RANK BY UNITS: 99

1987 U.S. Systemwide Sales ($000)	**$137,000**
1987 U.S. Systemwide Units	**275**
1987 Average Unit Volume ($000)	**$521**

Due to recapitalization of parent Shoney's, company-owned unit growth has been trimmed and the focus is strictly on franchising; there is renewed emphasis on operations as well. Sales on a comparable basis were up 15% in 1988.

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RANK BY SALES

79

HOULIHAN'S

(Gilbert/Robinson Inc.)
Kansas City, MO

RANK BY UNITS: 96

1987 U.S. Systemwide Sales ($000)	$135,000(E)
1987 U.S. Systemwide Units	55
1987 Average Unit Volume ($000)	$2,500

New York City-based Riese Organization will pay $200-$250 million for 56 Houlihan's; Riese had been Houlihan's sole franchisee with 10 units. This will clear the way for more aggressive expansion of the casual chain (up to 15% annually), which had been held to only 3 units this year—due in part to the LBO debt of G/R's parent, Restaurant Enterprises Group Inc.

80

MAZZIO'S PIZZA

Tulsa, OK

RANK BY UNITS: 53

1987 U.S. Systemwide Sales ($000)	$135,000
1987 U.S. Systemwide Units	279
1987 Average Unit Volume ($000)	$600

This "upscale" pizza parlor (average check, $8.50) still has no intention of dealing, but is expanding delivery at a rapid clip, as off-premise sales increase while in-store volumes flatten. Mazzio's recently built its first delivery-only locations, and expects more to follow. The company sees potential difficulties down the road with wholesale price increases early in 1989.

81

PAPA GINO'S

Dedham, MA

RANK BY UNITS: 68

1987 U.S. Systemwide Sales ($000)	$134,000
1987 U.S. Systemwide Units	200
1987 Average Unit Volume ($000)	$625

For each of the last 5 years, Papa Gino's has added about 17 units, and it followed suit in 1988. The chain also added premium soft ice cream with mix-ins to its existing menu of pizza and Italian specialties. A newly designed store was introduced in Florida, and others will soon follow. No new markets will be added, at least for now.

82

YORK STEAK HOUSE

(General Mills Restaurant Group) **Orlando, FL**

RANK BY UNITS: 89

1987 U.S. Systemwide Sales ($000)	$132,683
1987 U.S. Systemwide Units	111
1987 Average Unit Volume ($000)	$1,186

At press time, York operated only 80 units and was on the block; systemwide sales of remaining units are estimated at $96 million. Originally a budget steak house, York had been repositioning into a low-price family restaurant and undergoing a period of rigorous testing of menus, including the addition of large Bounty Buffet food bars in some units.

83

OLIVE GARDEN

(General Mills Restaurant Group)
Orlando, FL

RANK BY UNITS: 94

1987 U.S. Systemwide Sales ($000)	$130,677
1987 U.S. Systemwide Units	70
1987 Average Unit Volume ($000)	$2,588

This chain is now a leading growth vehicle for General Mills, doubling in size last year. The menu includes Italian specialties with unlimited salad and bread. Units are conversions to keep costs low, and average checks and average unit volume are steadily growing. Similar future growth is predicted.

84

FUDDRUCKERS

San Antonio, TX

RANK BY UNITS: 88

1987 U.S. Systemwide Sales ($000)	$129,629
1987 U.S. Systemwide Units	116
1987 Average Unit Volume ($000)	$1,172

This gourmet burger chain has successfully negotiated a turnaround. Following financial restructuring, Fuddruckers has introduced a dramatically expanded menu, remodeled 5 units to resemble diners, and is testing full service in 2 units. Franchising continues to expand, and units are to open in eastern Canada, Great Britain, Mexico City, Australia, and Japan.

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RANK BY SALES

85 COCO'S

(Restaurant Enterprises Group)
Irvine, CA

RANK BY UNITS: 79

1987 U.S. Systemwide Sales ($000)	$128,000(E)
1987 U.S. Systemwide Units	139
1987 Average Unit Volume ($000)	$925

Two new units have been added in 1988, and the focus at Coco's now is on building dinner business. Advertising campaigns have centered on dinner entrees such as steak and shrimp brochette and prime rib, sold in the $7.95 range. A new prototype unit is in the works, and more menu changes are expected.

86 A&W RESTAURANTS

(Taubman Investments Inc.) **Livonia, MI**

RANK BY UNITS: 40

1987 U.S. Systemwide Sales ($000)	$122,600
1987 U.S. Systemwide Units	502
1987 Average Unit Volume ($000)	$230

Following a sluggish 4 years, A&W this year will open 25 new units, and hopes to do better in 1989. The chain went off TV to focus ad dollars in radio. Curly fries were recently added to the menu, although franchisees adopt new products individually; the chain is almost 100% franchised. A&W's big promotion in 1988 was "million dollar giveaway," with food as prizes.

87 TCBY

Little Rock, AR

RANK BY UNITS: 23

1987 U.S. Systemwide Sales ($000)	$121,200
1987 U.S. Systemwide Units	822
1987 Average Unit Volume ($000)	$210

The frozen yogurt segment leader entered the advertising big leagues in 1988 with a spring network TV campaign and as a network sponsor of the Summer Olympics. In 1988, the 7-year-old chain passed the 1,000-store milestone on the way to a projected 1,200 by year-end; the growth spurt has made it sought after both by franchisees and shopping mall developers.

88 KETTLE RESTAURANTS

Houston, TX

RANK BY UNITS: 65

1987 U.S. Systemwide Sales ($000)	$120,149
1987 U.S. Systemwide Units	208
1987 Average Unit Volume ($000)	$575

The midscale chain operates in 17 states, primarily in the Sunbelt; more than 40 sites are shared with La Quinta and other budget motels. For its 20th anniversary this year, the chain rolled back prices on specials to 1968 prices. Operations and sales have shown improvement despite Oil Belt woes, but expansion was cut from 25-30 units to 7 new stores this year.

89 SBARRO

Commack, NY

RANK BY UNITS: 58

1987 U.S. Systemwide Sales ($000)	$116,000(E)
1987 U.S. Systemwide Units	253
1987 Average Unit Volume ($000)	$500

Until this year, Sbarro only operated in regional malls with some downtown penetration. The company has just built its first 2 freestanding locations in Puerto Rico, and expects to open in a strip center outside Philadelphia. Sbarro emphasizes fresh food, at moderate prices. Seventy-five new units, mostly company-owned, were added in 1988, up from last year.

90 EL CHICO

Dallas, TX

RANK BY UNITS: 91

1987 U.S. Systemwide Sales ($000)	$112,000
1987 U.S. Systemwide Units	97
1987 Average Unit Volume ($000)	$902

This year, same-store sales are trending positively again after a difficult last year when same-store sales declined by 5%. Company store development will fill in core markets in Texas, Oklahoma, and Louisiana, but future franchising will focus on places outside the Oil Belt, such as Nashville. Plans call for an additional 3 company units and 6 to 8 franchised stores this year.

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RANK BY SALES

[illegible]

RED ROBIN

Irvine, CA

RANK BY UNITS: 100

1987 U.S. Systemwide Sales ($000)	**$112,000(E)**
1987 U.S. Systemwide Units	**45**
1987 Average Unit Volume ($000)	**$2,500**

Under its relatively new Japanese management—Skylark Ltd.—Red Robin is changing its menu and preparing a new building design. New menu items in test include a steak, grilled fish, and reformulated presentations of old favorites. Emphasis will remain on moderate prices, but the chain hopes to lure more dinner patrons and sell more entrees in the $6.95 to $8.95 range.

92

CRACKER BARREL

Lebanon, TN

RANK BY UNITS: 96

1987 U.S. Systemwide Sales ($000)	**$110,621**
1987 U.S. Systemwide Units	**55**
1987 Average Unit Volume ($000)	**$2,087**

Cracker Barrel Old Country Stores is slowly moving north along interstate routes I-65 and I-75, primarily in Ohio and Indiana. Nine new company restaurants were built in 1988, up from recent years. New items include vegetables of the day and various discount-price lunch specials. The appointment of a new marketing v.p. may signal a new approach.

[illegible]

MRS. FIELDS COOKIES

Park City, UT

RANK BY UNITS: 45

1987 U.S. Systemwide Sales ($000)	**$110,000(E)**
1987 U.S. Systemwide Units	**400**
1987 Average Unit Volume ($000)	**$330**

Mrs. Fields—with troubles of its own—is still trying to absorb and manage La Petite Boulangerie, the specialty bakery chain it purchased from PepsiCo in 1987. Mrs. Fields is testing combo units in 3 locations, possibly under the name Mrs. Fields Bakery; drive-thru is also being tested. Some standard stores have reportedly closed, although the chain will not elaborate.

94

NAUGLES

(AWR II Inc.)
Costa Mesa, CA

RANK BY UNITS: 76

1987 U.S. Systemwide Sales ($000)	**$109,000**
1987 U.S. Systemwide Units	**165**
1987 Average Unit Volume ($000)	**$650**

Recently combined with Del Taco under one banner by entrepreneur Anwar Soliman, Naugles' future is as yet undefined; the number of restaurants of either concept is up in the air, although new items are in test and changes have been discussed by Soliman and new president Wayne Armstrong. A market-share battle looms in California, especially with segment leader Taco Bell.

[illegible]

ORANGE JULIUS

(International Dairy Queen Corp.)
Minneapolis, MN

RANK BY UNITS: 32

1987 U.S. Systemwide Sales ($000)	**$109,000(E)**
1987 U.S. Systemwide Units	**579**
1987 Average Unit Volume ($000)	**$190**

Acquired by Dairy Queen in 1987, the beverage and snack concept is being adapted into DQ's promising shopping mall Treat Centers. Along with OJ items, Treat Centers offer DQ frozen desserts and the snacks of Karmelkorn, another DQ acquisition of the past few years. This year, the chain is offering franchisees its first unified marketing program.

96

WIENERSCHNITZEL

(Galardi Group Inc.)
Newport Beach, CA

RANK BY UNITS: 54

1987 U.S. Systemwide Sales ($000)	**$109,000**
1987 U.S. Systemwide Units	**273**
1987 Average Unit Volume ($000)	**$400**

An ill-conceived move into hamburgers from its hot dog base of a few years ago has been reversed and hot dogs are now back to 40% of sales, with burgers dropping down to 20%. Fifteen new units were added in 1988, a rate that is expected to continue. Deals for Hong Kong and Tokyo are expected soon.

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RANK BY SALES

CHART HOUSE

Solana Beach, CA

RANK BY UNITS: 98

1987 U.S. Systemwide Sales ($000)	[illegible]
1987 U.S. Systemwide Units	[illegible]
1987 Average Unit Volume ($000)	[illegible]

Since undergoing a management-led buyout last year, Chart House [illegible] A new Chart House was opened in Fort [illegible]

99 RUBY TUESDAY

(Morrison Inc.)

Mobile, AL

RANK BY UNITS: 95

1987 U.S. Systemwide Sales ($000)	[illegible]
1987 U.S. Systemwide Units	[illegible]
1987 Average Unit Volume ($000)	[illegible]

[illegible]

98 BLIMPIE

(Astor Group Inc.)

New York, NY

RANK BY UNITS: 51

1987 U.S. Systemwide Sales ($000)	[illegible]
1987 U.S. Systemwide Units	[illegible]
1987 Average Unit Volume ($000)	[illegible]

No longer strictly a regional New York sandwich shop, International Blimpie Corp. just opened its 60th unit in Georgia, where it is now a major presence. Houston is also a growing market for the chain, and Florida is about to become a focus as well. Salads recently added include taco, chef's, seafood, and tuna, but sandwiches still make up the bulk of the menu.

TASTEE FREEZ

(De Novo Corp.)

Utica, MI

RANK BY UNITS: 44

1987 U.S. Systemwide Sales ($000)	$103,800(E)
1987 U.S. Systemwide Units	432(E)
1987 Average Unit Volume ($000)	$240(E)

The soft-serve chain is again franchising in the heartland: between mid-1988 and mid-1989, a projected 12 units will open. The company looks for better results from its Heritage building (drive-thru window, interior seating, a sandwich menu). A joint venture with Mr. Donut will be expanded, and 60-70 units are testing frozen cakes and pies. Frozen yogurt is being eyed.

TOP 100 PROTOCOL

Why another Top 100 study? *Restaurant Business* believes that its product is superior to that of its competitors for several reasons.

First of all, there is no redundancy of franchisee data; for example, the sales of Spartan Food Systems, a major Hardee's franchisee, are included in Hardee's results and not as a separate business entity—where they would, in effect, be counted twice.

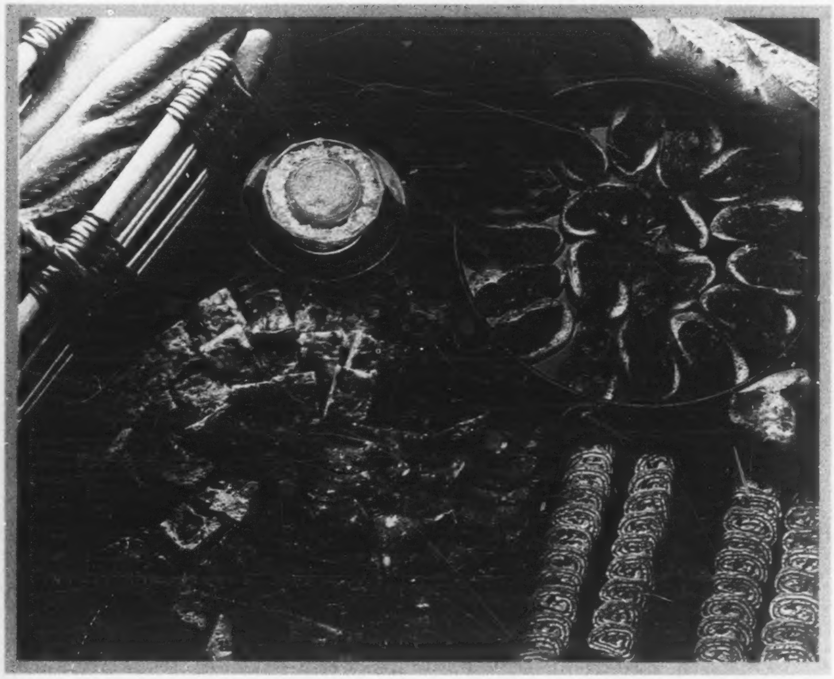
Second, only branded *concepts*, rather than *collections* of diverse concepts, are included. The *Restaurant Business* Top 100 is intended to measure the strength of individual concepts, such as Coco's or Ruby Tuesday, not the health of their corporate parents (respectively, Restaurant Enterprises and Morrison Inc.), a more logical method for evaluating restaurant chains.

The Top 100 was prepared in conjunction with Technomic Inc., the Chicago, IL-based consulting firm. The following criteria were used to define *chain restaurant concepts*:

- A *chain restaurant concept* is a multiple-unit operation with the same "name" or "brand" on each unit. Operators of diverse concepts, such as Stouffer restaurants or Specialty Restaurants Corp., are thereby excluded.
- Only *restaurants* are included. Hotel chains, in-flight foodservice companies, and contract caterers, for example, are excluded.
- Franchisees are excluded. For instance, National Pizza Co. and RPM, both franchisees of Pizza Hut, are excluded; however, Pizza Hut is included and its sales include franchisee data.
- Concepts are ranked by 1987 sales.

Note: Technomic Inc. and *Restaurant Business* believe that their sources of information are reliable, but do not assume any liability for the accuracy or comprehensiveness of the information here published.

TAKEOUT



In San Francisco, Vivande Porta Via's upscale take-out offerings include hors d'oeuvre platters, as well as entrees and complete meals.

The market is already enormous. Currently, take-out accounts for approximately 15% of the total American food dollar.

BY JACQUE KOCHAK

At a time when restaurants are faced with limited growth possibilities, take-out and delivery open up new opportunities. In the past, take-out has been the province of fast feeders and delis, but now, midscale and upscale restaurants are experimenting.

There has been no customer traffic growth in on-premise dining for the last three years, according to CREST, a service of NPD Research, Park Ridge, IL. In the first quarter of 1988, total foodservice traffic was up 1.2%; however, on-premise traffic was down 1.3%, compared to a 4.2% increase in off-premise traffic.

The take-out market is already enormous. Currently, it accounts for about 15% of the American food dollar. This is not far behind the 19% of total food dollars spent on-premise.

Eighty-one percent, or about eight out of 10 households, say they buy take-out food in a four-week period, according to a study conducted for the Food Marketing Institute (FMI) and Campbell Soup Co. by Lieberman Research Inc. in 1987. On the average, buyers purchase take-out food 1.5 times a week, and spend $16.50, reports the FMI study. This projects to $62.4 billion in annual take-out sales.

The flood of women into the work force during the past 20 years has fueled the growth of foodservice, especially take-out, because the working woman has been too tired to fix an elaborate dinner when she gets home. Now, that working woman is coping with children, too, and she wants even more options.

According to George Rice, president of GDR/CREST Enterprises Inc., today's customer is being driven by a search for both value and convenience. Although the customer is relatively affluent, he is constricted by personal debt, and his income has plateaued.

In addition, for the last 18 years, what the U.S. Census terms "single nonfamily households" were growing

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steadily, and these singles had the time and money to eat out. Rice says that pattern has now changed, and families with children are in the ascendancy.

In fact, last year, 5.1 million more children were born to families in which both parents worked than in 1976, according to the U.S. Department of Commerce.

Not only does the money in these families have to go further—hence, the search for value—but the family members' time is more and more precious. They like the convenience of take-out and delivery, but they are also concerned about variety and nutrition.

Interestingly, men spend almost as much money on take-out as do women, although women spend about twice as much money on food overall. And take-out buyers tend to be younger and better educated, and have higher incomes. Unmarried men and employed mothers definitely offer special opportunities as take-out food customers.

The most popular take-out foods are still hamburgers and pizza. Hamburgers are purchased by 73% of take-out buyers, according to the FMI study, and pizza is purchased by 72% of the buyer population. Another widely purchased take-out food is chicken, at 49%.

FAST-FOOD TAKE-OUT. Fast-food outlets, of course, first capitalized on the possibilities of take-out. The interest in take-out fueled the growth of drive-thru windows, and the typical hamburger operation sells about 60% of its fast food for off-premise consumption.

That success has generated drive-thru-only concepts, which have proliferated in the Sunbelt states. These tiny kiosks enjoy a competitive advantage because their low overhead allows them to undercut the competition by offering low, low prices. And, in a time when concerns about labor are mounting, such units require less manpower. These drive-thru units typically specialize in hamburgers and fries, although operations offering Mexican food have also begun to appear.

Boulder, CO-based Good Times, part of Round the Corner Restaurants Inc., is a 550-sq.-ft. concept offering walk-up and drive-thru service. The menu consists of a quarter-pound hamburger, a quarter-pound cheeseburger, a double burger, a chicken sandwich, shakes, fries, soft drinks, and an apple-cinnamon dessert. Three units are now open in Denver, with company stores expected to open at a rate of one a month, says Round the Corner president Ed Massey. The company has hired Hal Taylor, a former president of Calny Inc., as president and CEO with a mandate to develop a viable franchising program. Plans call for opening 30 to 35 company-owned units over the next two to three years, in addition to franchising. Massey originally predicted annual unit volumes of about $650,000, and he says that sales are consistent with projections. "A drive-thru concept has been everything the research told us it would be," he says.

No one questions the viability and appeal of such units, although some predict a shakeout simply because so many are opening. Outlets specializing in drive-thru only are chasing a giant market, but the burger giants may respond with concepts of their own.

In fact, the whole concept of drive-thru windows has been so successful that, the reasoning goes, more must be better. Around the country, some operators are installing double and even triple parallel drive-thrus, with the outside lines serviced mechanically. The customer places the order by speaking through an intercom at one station, then moves on to a second station where his order is delivered via conveyor belt.

Grand Rapids, MI-based Mr. Fables Systems Inc. is testing a mechanized express lane in one unit. The company, founded in 1929, operates 16 quick-service restaurants in the Grand Rapids area.

Mr. Fables had the welcome problem of overflowing dining rooms and long

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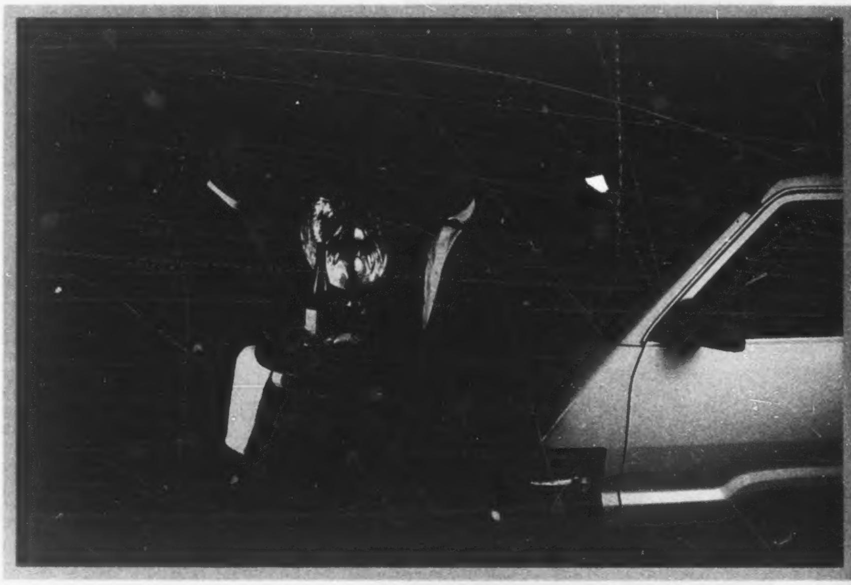

Waiters on Wheels delivers from 20 San Franciscan restaurants.

About eight out of 10 households say that they buy take-out food in a four-week period.

lines to get in, so about 10 years ago a drive-thru system was introduced.

The new express lane is located parallel to the full drive-thru lane, on the outside perimeter. The lane serves a limited menu of sandwiches, fries, soft drinks, and tossed salads, which are delivered in 30 seconds. The conveyor belt, which carries baskets of food, was installed inside the canopy of the existing drive-thru lane.

Today, some 25% to 28% of total sales come from take-out, says Ric Richard, district manager. The entire menu is posted on two large outdoor menu boards. The first menu board, which customers can peruse while they are waiting, is full of information about entrees. The second board just gives names and prices; customers make their final decision at this point, then order.

The drive-thru is served from a back kitchen, and orders are served two minutes after they are placed. Average check is about $3.50, says Richard, although call-in orders can run as high as $30.

Mr. Fables' full menu includes shrimp, chicken, and fish-and-chips dinners, 16 different hamburgers and sandwiches, a variety of side orders and soups, and a breakfast menu. Desserts include strawberry, pecan, cream, and fruit pies, which are also available whole.

FAST DELIVERY. Ann Arbor, MI-based Domino's Pizza is credited with leading the delivery boom. The chain, with over 4,300 units and 1987 system-wide sales of $1.98 million, has demonstrated that delivery can be profitable, and set industry standards, including its 30-minute-or-free guarantee. (For more on Domino's, see the "Pizza Market Segment Report" in the November 1 issue of *Restaurant Business.*)

Delivery has proven so successful for pizza operators, that inevitably other fast feeders are testing delivery, including Popeyes, Kentucky Fried Chicken, and McDonald's.

A notable example is Dallas-based Ribby's Express Barbecue, part of USACafes, the franchisor of some 600 Bonanza Family Restaurants. The concept is designed to exploit the growing popularity of take-out convenience while giving Bonanza's area franchisees a vehicle for expansion in markets

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In the first quarter of 1988, on-premise traffic was down 1.3%, compared to a 4.2% increase in off-premise traffic.

San Francisco-based Gira Polli, specializing in chicken roasted on a wood-fired rotisserie, derives 50% of sales from take-out.

where there is no more room for the full restaurants.

Ribby's serves barbecued ribs and sandwiches. All service is drive-thru or via delivery, which now generates about 36% of sales. According to Jeff Rogers, USACafes president, the goal is 40% of sales from delivery.

Five units are now open, four of them in Dallas and one in Chicago. Units are expected to open in California, Louisiana, and Kansas City. The 434-sq.-ft. kiosks offer two drive-thru windows and one walk-up window, and serve a neighborhood delivery market. "We believe we've got something good," says Rogers. "We're on a path we're comfortable with."

Chinese restaurants have long offered take-out and delivery service. But Mandarin Express Inc., a 15-unit chain, specializes in delivery of Chinese fast food. "We intend to be the Domino's of Chinese food," declares Simon Hsu, president of the Bakersfield, CA-based chain. Mandarin Express' southern California delivery units have average annual volumes of $400,000.

AN ELUSIVE MARKET. Take-out, of course, is well established as a considerable source of sales for fast-food operators. In recent years, other restaurateurs have sensed opportunity, but so far take-out is typically a source of add-on dollars and not a major income generator.

The problem is that customers don't associate upscale restaurants with take-out. In the Food Marketing Institute study, when people were asked—on an unaided basis—to name the places that come to mind when they think of buying take-out food, only 10% named "other restaurants." "Other restaurants" designated any kind of restaurant besides a fast feeder, a pizzeria, or an ethnic eatery such as a Chinese restaurant.

However, as more and more people begin to think of restaurants as places to buy take-home cuisine, that percentage should change.

Buying take-out food is usually an impulse decision, according to the FMI study. Seventy-eight percent, or about eight out of 10 buyers, make the decision to buy take-out food just before they buy it, including 44% of customers who decide just a few minutes before.

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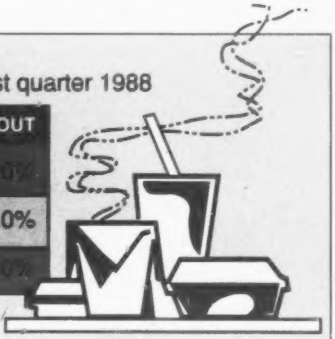
TAKEOUT BOOMS

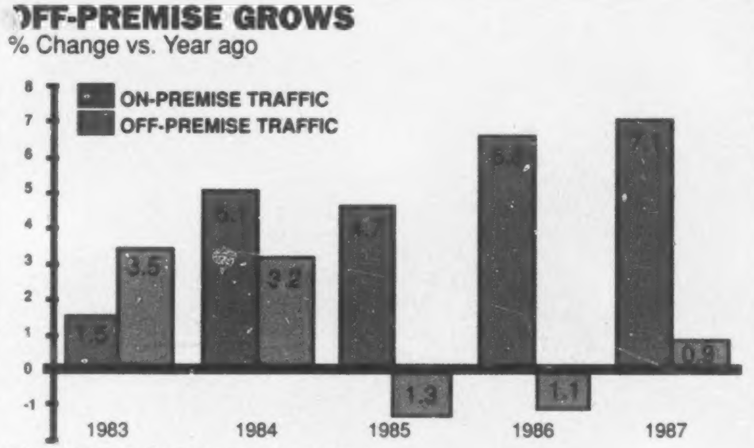
Traffic count changes by segment for 1st quarter 1988

	OVERALL	EAT IN	TAKE OUT
FAST FOOD	2.6%	0%	4.0%
MIDPRICE	-2.6%	-4%	4.0%
UPSCALE	[illegible]	0%	10.0%

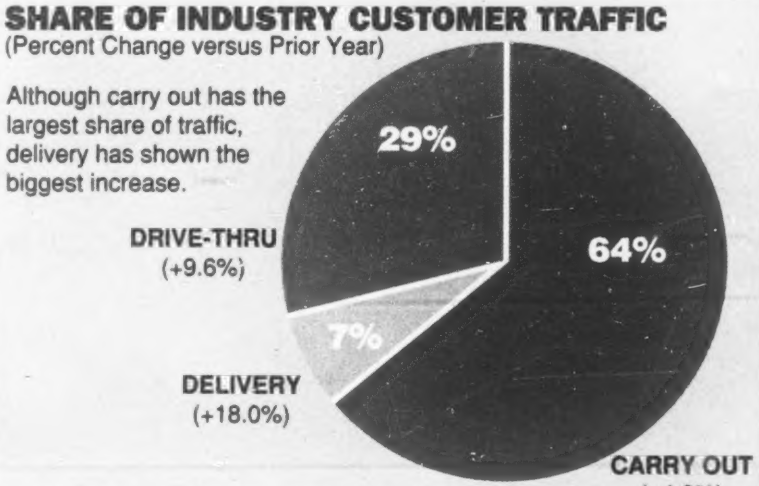


Total industry traffic count up 1.2%

SOURCE: CREST



SOURCE: CREST Total U.S., Aug. 2-week Household Data



Although carry out has the largest share of traffic, delivery has shown the biggest increase.

SOURCE: CREST Total U.S., Aug. 2-week Household Data

If buying take-out is an impulse decision, then upscale restaurants need to actively promote their take-out option. Customers think "fast food" when they think take-out. If they're going to think "restaurant," they'll have to be reminded.

Several entrepreneurs are introducing services to help restaurants capitalize on the take-out opportunity. For example, in New York City a magazine called *We Deliver* is distributed in supermarkets and apartment building lobbies. The publication reproduces restaurant take-out menus by category, with information such as delivery area and credit cards accepted.

"New York is a big delivery town because of the working style," says *We Deliver* publisher Joel Scher. "But we have seen a tremendous increase in the number of restaurants that deliver. It used to be that you could only get Chinese food and pizza delivered. Now you can get everything delivered." Scher adds that the typical size of his publications has increased from 40 pages to 84 pages, another indication of delivery's increasing popularity.

THE COMPETITION. Restaurants are not alone in their quest to court take-out food customers, however. Supermarkets have gamely entered the fray (even drive-thru supermarkets are reportedly under development), and they are equipped to compete effectively. "The convenience of foodservice carryout can be matched and exceeded by carryout from a supermarket," notes GDR/CREST's Rice.

At this point, however, restaurants are way ahead in the take-out war, according to the FMI study. About two thirds of the dollars that buyers spend on take-out food is spent at restaurants. Only one third of take-out dollars is currently spent at supermarkets. Of the 64% spent on take-out in restaurants, fast-food restaurants, ethnic restaurants, and other restaurants capture 41% and pizza parlors 23%.

Some restaurant operators have found take-out and delivery so attractive that they are abandoning the retail format entirely. Fisher & Levy, a New York City office caterer, closed down its retail space three years ago and turned the area into a commissary.

"The restaurant business is going through a tremendous upheaval," says Chip Fisher, senior vice president. "In New York City, there are too many restaurants, and upscale eaters are numbed, overwhelmed, intimidated. I think the party's over." He points out that profit margins are better for a delivery operation than for a restaurant, though overhead is still substantial.

Fisher & Levy customers order from an extensive menu that changes with the seasons. Price range is from $3.25

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for soups and about $4 for side salads to $14.95 for a lobster meat salad with avocado. The minimum delivery is $20, so two or three people in an office can conveniently team up for an order.

Such a service works well in a high-density business center such as Manhattan, and Fisher & Levy's business has grown 40% in the last year, Fisher says. Sales are now topping $1 million, he adds.

Fisher and his partner Doug Levy have received a number of requests about franchising, and are considering franchising their concept with minor changes in major cities around the country.

REPLACING THE HOME MEAL. Another longtime restaurateur who sees great potential in the meal-at-home market is Larry Colligan, owner of a Tucson, AZ, institution, the Hidden Valley Inn. The Hidden Valley Inn is already the largest restaurant in Tucson, so rather than expand the business on the premises, Colligan opted for a full-scale delivery system. The result: Hidden Valley's total sales have doubled.

> **On average, buyers purchase take-out food 1.5 times a week, and spend $16.50.**

This is not take-out and delivery on a small scale. Colligan operates a fleet of 10 specially designed trucks, complete with ovens and refrigerators. In fact, Colligan views his food delivery business as completely separate from his restaurant, although the two are complementary. The food-delivery system is serviced from a separate commissary rather than from the restaurant's kitchen. In contrast to the full restaurant prices that most operations charge, Colligan offers a completely different pricing structure.

For example, a complete chicken dinner is delivered for $6.50. Also available are mini meat loaves with mashed potatoes and gravy, for $6.50; chunky beef stew with potatoes, vegetables, and gravy, for $6.50; and barbecued pork ribs and chicken. All dinners come with a salad, a roll, and ranch beans or potato salad.

The pricing works because of the service's volume; during a one-year test, Colligan served over 16,000 meals

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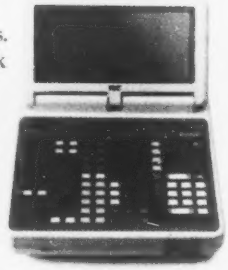

a month in Tucson. "I want a reasonable price, not a restaurant price," he says.

As noted, Colligan's extensive delivery system has not hurt the Hidden Valley Inn's sales. During Colligan's first year of food delivery, the restaurant's sales increased substantially, in fact. He attributes the increase to the fact that the restaurant's 10 delivery trucks serve as traveling billboards cruising through town seven days a week.

Colligan says he believes that his food-delivery system could work in any city with a population of over 100,000. He is setting up a consulting and licensing program. "My objective is to show operators in other cities how to double their business," he says. "I'd like to work with the most successful restaurant in each city."

He adds that construction costs for on-premise expansion are very high, but that a delivery system can be installed for under $25,000.

Avanzare at the Hyatt Regency Atlanta offers a take-out buffeteria.

Hamburgers are purchased by 73% of take-out buyers, and pizza is purchased by 72%.

The interest in take-out and delivery is so intense that services are evolving to aid restaurants that don't want to bother with the mechanics of delivery. Since the beginning of the year, Waiters on Wheels has delivered dinners from 20 different restaurants to customers in San Francisco.

Restaurants sign an agreement to pay Waiters on Wheels 20% of sales made by the service. Customers then pay Waiters on Wheels a $3 delivery charge.

Customers on a mailing list receive a monthly issue of *A La Carte*, an attractive magazine containing menus. They call Waiters on Wheels' central number with their order. Waiters on Wheels then calls the restaurant and sets up delivery within 50 minutes.

At present, seven waiters on wheels deliver about 1,000 meals a week. Drivers use their own cars, but Waiters on Wheels provides them with warming ovens and red waiter's jackets. In addition to being paid by Waiters on Wheels, the drivers receive tips.

The bulk of the business comes during dinner hours, but the largest orders come at noon from businesses, says co-owner Takis Zarikos. The service has been successful enough that Zarikos and his partners are thinking about expanding to other cities via franchising.

One restaurant that utilizes the Waiters on Wheels service is Gira Polli, a restaurant specializing in chicken roasted on a special wood-fired rotisserie imported from Italy. Gira Polli opened in San Francisco last June with a business plan calling for 75% of sales to come from take-out. So far, some 50% of sales are take-out, and that figure is growing, says Norine Ferrante, who owns the restaurant with her husband Michele. In just two weeks, Waiters on Wheels was already servicing a third of the restaurant's take-out orders, says Norine.

The Ferrantes were inspired to open a restaurant specializing in take-out by the experience at their other restaurant, Mondello's in Moraga, CA. Moraga is a very affluent bedroom community, and customers—all of whom are local—frequently stop by to order food to go. Take-home food was never publicized, but still accounts for some 10% of sales, says Norine.

Gira Polli is tiny, with a 14 ft. x 14 ft. dining room and only 20 seats. The restaurant's open kitchen, dominated by the huge rotisserie, is visible from the street. Flames from the rotisserie shoot up over four feet, drawing onlookers to watch the spectacle of 120 chickens being cooked at once.

Most of the take-out orders are for chicken, with an average check of $7. Average checks for customers who eat in are often higher, around $13, because they often will add their orders from a refrigerated case stocked with a large selection of made-on-the-premises desserts.

An upscale operation that has successfully specialized in take-out is San

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Francisco's Vivande Porta Via, owned by cookbook author Carlo Middione and his wife Lisa. The restaurant, opened in 1981 in a fashionable neighborhood, is divided into a white-tablecloth cafe with an open kitchen and 48 seats, and a retail section where made-on-the-premises food is displayed. The cafe is open for lunch only, from 11:30 a.m. until 4 p.m.

The full-service restaurant serves hot food. The retail area offers refrigerated foods for take-out, and is modeled on operations in Italy where customers stop in frequently to pick up freshly prepared dinners.

This is no typical deli, however. Vivande Porta Via's retail area boasts sausages made on premise, raw homemade fettuccine, and pizza *rustica* (a deep-dish pie made with prosciutto and a variety of cheeses). Also available is fresh roasted chicken, and chicken *mattone* (marinated in olive oil and red pepper flakes, then grilled under heavy tiles). All entrees in the retail area are either cold or room-temperature, says general manager Michael Podlin.

Customers can call ahead to order special entrees, with three to five days' notice. Then, Vivande employees will make up dishes such as *pollo espresso gallantina*: A half chicken is boned, stuffed with a mixture of ricotta and prosciutto, baked, basted with sherry, brandy, and butter, and served with fresh sautéed vegetables. Cost is $16 per portion. The restaurant also makes a side dish of polenta nests with gorgonzola cheese and pine nuts.

For special occasions, Vivande will make fresh lasagne with bechamel and marinara sauces and homemade sausage; the minimum order is 36, 6-oz. servings at a cost of $144. With five days' notice, Vivande will prepare a deboned leg of lamb, rolled with a layer of spinach seasoned with garlic, wild mushrooms, and spices. Cost is $45 for a half, four to six servings, and $85 for a whole, 10 to 12 servings. Another popular offering is a whole capon boned and stuffed with a mixture of spinach, raisins, walnuts, wild mushrooms, and spices, then rerolled and baked. The capon is wrapped in parchment paper to retain moisture and serves eight to 10 people as a main course. Cost is $125.

Besides the dining room and the retail area, a good part of Vivande's business comes from catering. The restaurant has full-service catering, complete with staff, china, and glassware. It also offers carry-out cuisine, with food and platters packed in baskets that are picked up by the customer, then returned.

Although the idea of specializing in upscale take-out might seem an attractive way to escape some of the hassles and costs of running a full-service restaurant, Podlin says that isn't so. "We provide a very specialized service and employ eight chefs who must be taught an extensive repertory," says Podlin. "They are trained to maintain our high standards and achieve consistency. Retail sales clerks are also specialists, and our customers expect them to be knowledgeable about the

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The typical hamburger fast-food unit sells about 60% of its food for off-premise consumption.

The Hidden Valley Inn, a Tucson, AZ, institution, operates a fleet of 10 specially designed delivery trucks.

foods as well as provide them with fast, efficient service. You can readily see how high turnover and rising labor costs can be a threat to this business."

Many long-established restaurants are tentatively venturing into take-out service. One such restaurant is The Ravelled Sleave, the venerable New York City establishment. The restaurant serves a classic menu of entrees such as broiled salmon filet with sorrel sauce, sautéed veal medallions with tarragon sauce, and rack of lamb with an herbed crumb crust and mint sauce. Entrees are generally under $20.

The Ravelled Sleave added a take-out menu last summer. "We had no other way to expand; the only way was out," says co-owner Jan Fried. The restaurant, which is open only in the evening, packages and delivers eight to 10 dinners on a typical evening. The take-out menu includes four hors d'oeuvres, a soup du jour, and an 8-in. pizza as appetizers, three salads, and entrees such as grilled salmon filet, mahi mahi, veal scallopine with tarragon sauce, and grilled baby chicken with roast garlic sauce. Also available are sandwiches and a number of side dishes.

The restaurant's only stipulation is that delivered orders must total at least $15; a 10% service charge is added. Deliveries are made between 5:30 and 11:30 p.m., within a five-block radius of the restaurant.

Fried says that the take-out menu is culled from the larger menu, with care given to selecting entrees that hold well. Meals are packed in microwaveable containers, with meats undercooked.

HOTEL TAKE-OUT. There is so much excitement about take-out sales that even hotels are attempting to get into the act. For example, Avanzare at the Hyatt Regency Atlanta offers a take-out buffeteria called the Express Lunch Take-Out.

The buffeteria offers 12 different chilled antipasto salads, from which the customer chooses four for $4.95. Among the selections are shrimp and cucumber; bow-ties and marinated chicken with pesto; Italian sausage with roasted peppers; marinated mussels and clams; and prosciutto ham and melon. Also available are personal-size pizzas with topping selections such as bay shrimp, clams, fontina cheese, pepperoni, Italian sausage, onions, green peppers, and mushrooms.

The Express Lunch Take-Out counter is especially popular in warm weather, when customers can pick up their orders and dine poolside. They can also take their lunches back to the office.

So far, the take-out counter accounts for only a small percentage of the restaurant's business, says director of public relations and advertising Kathleen Schoch-Ziprik, but management expects sales to grow. For that reason,

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another menu called "Quick Bites" has been added, with six different items to go. Among them are a pizza calzone, *pannina a la Milanaise* (a sandwich with salami, capicola, prosciutto, onions, peppers, Bibb lettuce, tomato, and mozzarella), a meatball sandwich, and an Italian submarine sandwich.

Washington, DC-based Marriott Corp. is one hotel chain whose executives sense real opportunity in the meal-at-home market. About a year ago, the company formed a task force to study the possibility of a food-delivery service. Based on information gathered by the task force, Marriott personnel designed a brochure promoting delivery. Individual hotels can customize the brochure on the inside with specific menu items, says Sue Halsey, manager of the hotel menu and merchandising department.

The brochure is aimed at food delivery to nearby offices and institutions. Foodservice staff are encouraged to make an informal market survey before starting a delivery service and to visit prospective clients personally with the brochure, rather than undertaking a mail blitz.

In addition to the brochure, headquarters provides guidelines on implementing delivery programs. So far, says Halsey, some 40 hotels are using the brochure and guidelines.

An example is the Kansas City International Airport Marriott (KCI), near Kansas City, MO. The hotel set up a delivery service through its room service department. Hotel room service is traditionally slow at noon, so room service personnel are able to handle the added volume. Food orders are prepared in a commissary kitchen, and two or three hours' notice is required.

Marriott hotels must devise their own transportation. At KCI, the hotel bought a new van to transport guests to the airport so the foodservice department requested the old van for its delivery service. The KCI Marriott is already delivering $2,500 worth of meals weekly, and that is expected to increase.

The KCI Marriott caters individual meals as well as large luncheons, says food and beverage manager Steve Goldstein. Minimum order is $5.

"We originally intended to only service large orders, because small ones are not cost-effective," says Goldstein. "But once we started, we found an overwhelming demand. We were the only operation in the area that delivers, and a lot of people who work nearby can't get out for lunch. We just absorb the cost of small orders to build good will."

WAITERS ON WHEELS
À LA CARTE

The Marriott Delivers

Above: Waiters on Wheels' menu brochure. Right: Marriott's delivery promotion brochure.

Delivery has not proven to be a golden opportunity for everyone, however. Minneapolis-based International Dairy Queen was involved in the launching of a delivery concept called Telechef in Charleston, SC, but the test has been halted. The 10-unit company was based on a computerized-ordering system, and guaranteed delivery of fried chicken, pizza, and heroes. International Dairy Queen owned 60% of the concept, which was headed by former IDQ president Harris Cooper.

Minneapolis, MN-based General Mills also tested a service that delivered homestyle meals prepared at a central commissary in Minneapolis. The service, called Order Inn, didn't generate the sales to justify continued testing, according to a General Mills spokesperson. The service was discontinued in September after less than a year in test.

C-STORE CHALLENGE. Convenience stores are increasingly challenging fast-food operators. Carryout has long been a specialty of c-stores. C-store delis have proliferated, and many have instituted serve-yourself soft drink bars as well as cookie-baking. The major c-store chains, including 7-Eleven and Circle K, have been focusing on prepared foods for take-out.

One convenience store that has gone quite a bit further is Convenience Plus, an independent located in Shelton, CT, outside of New Haven. It has a food section equipped with steam tables, offering five or six different hot entrees. Also available are chef's salads, tossed salads, macaroni salad, and a full line of cold cuts, muffins, and pastries.

The hot-food line is serviced by a complete kitchen, and co-owner Eleanor Castiello says that at lunch time, customers can't even get into the parking lot. Shelton is a small city benefiting from a boom in corporate development, and Convenience Plus is often asked to fill large call-in orders from businesses. At least 50% of the c-store's business is generated by foodservice, Castiello says. In fact, this hybrid lacks only seating to be considered a restaurant.

Take-out seems to hold a great deal of promise as a way to expand business in a tight market. Demographic projections indicate that this will hold true for the near future. However, a crucial ingredient of a successful take-out program is promotion. Customers need to be reminded that far more than pizza and hamburgers are available for off-premise consumption today.

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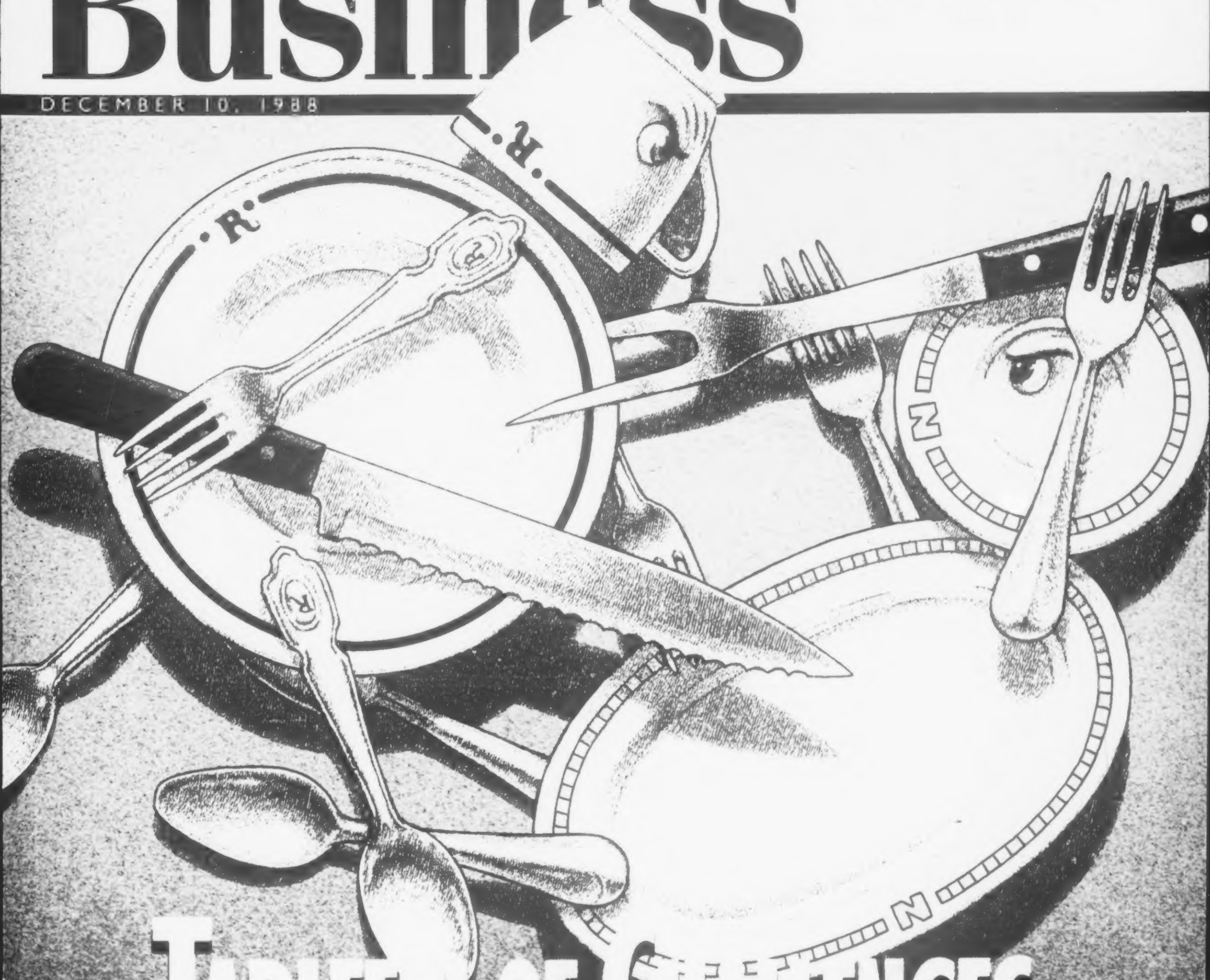

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Cover illustration by Mirko Ilić

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SPECIAL OFFER

Restaurant Business now has available specially prepared reprints of the **1988 RESTAURANT GROWTH INDEX** and the **1988 MAJOR FORCES IN FRANCHISING**. These annual studies are invaluable reference tools.

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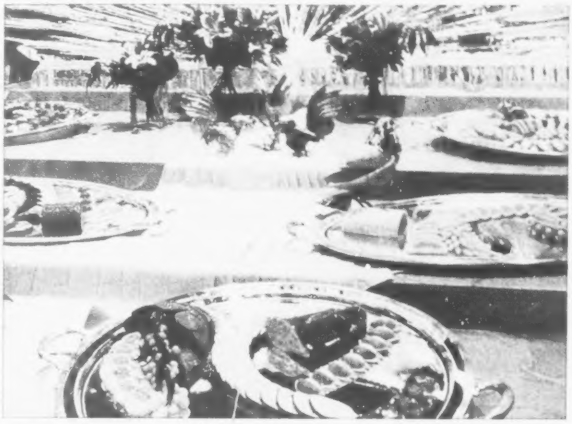

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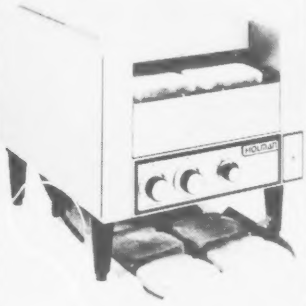

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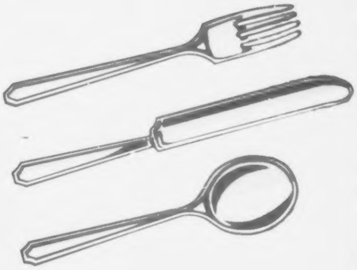
CAFETERIA



BY JAMES SCARPA

Piccadilly Cafeterias' serving line has seven new items.

The cafeteria is a venerable institution in the South and parts of the Midwest. It is the popular choice in these regions for good, simple cooking at affordable prices, dished out in agreeable surroundings.

Although growth is flat at present, the segment is positioned in tune with demographic trends, chiefly the aging population that bodes well for future growth.

The cafeteria segment was flat in 1987, according to CREST, a service of NPD Research, Park Ridge, IL. However, this actually indicates a stabilizing trend from traffic of -3% in 1986 and -5% in 1985.

In sales, cafeterias dropped 2% in 1987 compared to the previous year, CREST reports. At the same time, sales of the midscale category, of which cafeterias are a part, increased 3%. Thus, cafeterias have not been able to keep pace even with the modest growth of the midscale segment.

DEMOGRAPHICS. Despite the current doldrums, cafeteria players are optimistic about the future. They see the segment reaping large benefits from the "graying" of America.

Senior citizens make up the cafeteria segment's largest customer base, and it continues to grow. According to CREST figures, in 1982, only 21% of cafeteria customers were 65 years old or older. By 1987, the percentage had risen to 27%. Not far behind is the 50- to 64-year-old age group, which made up 24% of cafeteria customers in 1987, compared to 16% for all restaurants.

Seniors flock to cafeterias for three primary reasons, says George Rice, president of GDR/CREST Enterprises Inc., Park Ridge, IL. First, they like the good price/value. Second, they enjoy the menu variety and food combination options. Third, they enjoy flexibility in portion sizes.

"Today, seniors have more purchasing power and they are more discriminating," adds Rice. "They represent a major marketing opportunity."

Families with children are also frequent cafeteria customers. With the baby-boom generation raising families these days, the cafeteria segment once again finds itself on target.

HOMESTYLE FARE. Customers young and old frequent cafeterias for ample portions of simple, homestyle dishes such as chopped steak, macaroni and cheese, carved roast beef and ham, baked fish, and fresh-baked pies. Another hook — variety: 100-item selections are not unusual.

For example, a typical menu of the

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Although growth is flat at present, the segment is positioned to be in tune with demographic trends.

CAFETERIA

San Antonio-based Luby's Cafeterias chain includes 22 to 25 salads, 12 to 15 entrees, 12 to 15 vegetables, and 20 to 25 desserts. A substantial part of the menu changes between lunch and dinner and from day to day.

In addition to serving favorite American dishes from the mainstream, many cafeterias are helping preserve distinctive regional cooking. Steam-table servers plate hearty portions of chicken and dumplings, fried fish with okra, and Southern fried chicken. Hot vegetables such as turnip greens cooked with bacon, candied yams, and black-eyed peas are staples.

Cafeterias are conservative by nature, but they do adapt gradually to changing tastes. Luby's vice president of marketing Vernon Schrader notes that the menus of the 1980s offer much more fish and poultry than did menus of the 1940s, even though the concept has remained essentially the same. In recent years, ethnic items such as seafood tempura and baked lasagna have joined the menu.

In addition to the standard serving lines, Wyatt Cafeterias has a line dedicated to take-out orders called "Wyatt's To Go."

Favorite dishes at Macon, GA-based S&S Cafeterias are a mixed bag of indigenous items and imports: country fried steak, veal parmigiana, chicken pan pie, crackling corn bread, and trout almondine.

Piccadilly Cafeterias has a wide-ranging repertoire of more than 1,000 recipes, including items such as New England boiled dinner, Mexican pepper omelet, Louisiana shrimp *etouffée*, chicken Wellington, and okra prepared four different ways. Piccadilly features a Mexican Day promotion once a week and Chinese dishes occasionally.

Customers also find attractive price/value in cafeteria meals. Each item is priced à la carte, so they pay only for the dishes they select. Checks average between $4 and $5. What's more, there is no tipping.

A well-run cafeteria appears to be a deceptively easy way to feed large numbers of people in a short period of time. But there is much more to success than lining up steam-table pans of food and opening the doors. A look at operations reveals that it is a concept in which it is critical to manage volume, labor, and food preparation.

CRITICAL OPERATION. High volume is essential for efficient cafeteria operations. At less than full capacity, problems may arise. "If you don't get high volume in a cafeteria, it's difficult to keep the food looking and tasting good on the line," says senior vice president Richard McGeoch of Mobile, AL-based Morrison Inc.

Running a cafeteria is an extremely labor-intensive business. It takes a minimum of 60 workers on a five-day week to run a Morrison Family Dining cafeteria, 75 to 80 for the higher volume locations. Labor shortages have hurt Morrison in its northerly states of Maryland and Ohio. Many observers feel that the labor shortage is the main barrier to wider distribution of cafeterias beyond the South.

Much of the labor is expended on food prep, since cafeterias usually make most of their menu items from scratch on the premises to keep the food cost as low as possible. Luby's, for example, prepares virtually everything from scratch, including baked goods, mayonnaise, salad dressings, and gravies. Because cafeteria chains have voluminous files with hundreds of recipes, they enjoy a greater degree of menu flexibility.

Menu flexibility means that cafeteria chains have more freedom to replace costly foodstuffs with less costly ones when prices rise.

It may look as if cafeteria food sells itself, but salesmanship plays a part as well. "Our servers are trained to tell the customer, 'We have nice beets today. Would you like to try them?'," says McGeoch. "We expect customers to buy something from every department of the line."

Location of a food item on the serving line also affects how well it sells. At Morrison, managers move pans from the back to the front of the line to encourage sales, especially of items that have a high labor cost. "We want to sell out items that involve a lot of preparation time, such as beef stew, country steak, and chicken and dumplings," says McGeoch.

Despite the demonstrated appeal of cafeterias, they are little known out-

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Senior citizens make up the cafeteria segment's largest customer base, which continues to grow.

side their home markets in the South and pockets of the Midwest. Segment operators agree that cafeterias are perceived less favorably north of the Mason-Dixon line.

"Northerners tend to think of cafeterias in a hospital, military, or industrial context," says Morrison's McGeoch. "But we've had customers celebrate their 50th wedding anniversary at Morrison's."

"In our region, the cafeteria is a fun place. Young people eat here on their way to the movies," says executive vice president Brian Von Gruben of Baton Rouge, LA-based Piccadilly Cafeterias.

Many believe that climate is a major factor limiting the spread of cafeterias. "You can't let three or four months of bad weather kill you," says Luby's Vernon Schrader. "You have to keep those 300 seats filled regularly to make a cafeteria work."

Lubbock, TX-based Furr's/Bishop's Cafeterias L.P. owns and operates two cafeteria chains, Furr's Cafeterias and Bishop's Cafeterias.

Moreover, some observers point to higher costs of doing business and difficult labor markets in the Northeast and the West Coast as factors discouraging cafeteria chains from leaving the South. The higher senior citizen population in the South and the unique appeal of typical cafeteria fare to Southerners are also cited as reasons to stay put.

Over the years, a handful of cafeteria companies have grown into significant regional chains. A number of these are longtime performers such as Morrison, which began operation in 1920, Piccadilly Cafeterias, founded in 1944, and Luby's Cafeterias, founded in 1947. Many of the smaller companies have long histories as well, such as 50-year-old S&S Cafeterias of Macon, GA,

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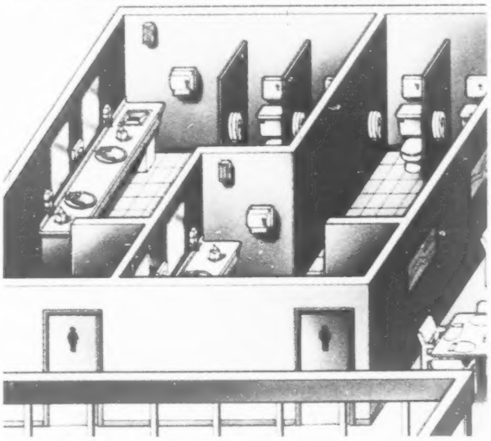
IT'S SHOWING UP IN THE RESTROOM.



Something to help keep maintenance costs to a minimum. It's simple. A restroom that looks good is good for business. Customers naturally prefer it to one that's cluttered and dirty. But you have to keep costs down at the same time. And weigh factors like personnel hours, waste, run-out, and pilferage.

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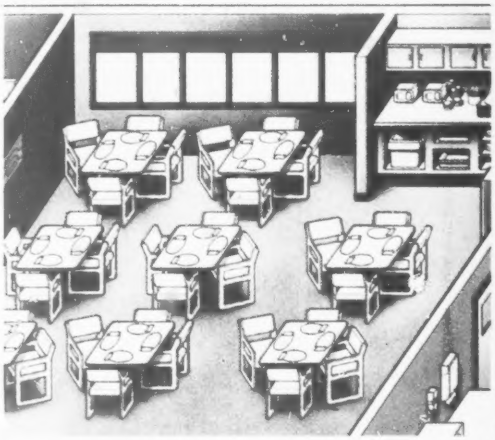

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What you need is a plan to make it work for you.

High volume is essential for efficient operations. At less than full capacity, problems may arise.

and 40-year-old K&W Cafeterias of Winston-Salem, NC.

Morrison Family Dining, the cafeteria division of Mobile, AL-based Morrison Inc., leads the cafeteria segment with fiscal 1988 sales of $291 million and 163 units, including seven Sadie's Buffet units in test. Company strongholds are the Southeast and Middle Atlantic states.

The company is changing its signage on new units from "Morrison's Cafeterias" to "Morrison's Family Dining." It believes the name change will convey a more positive image, particularly among northern visitors to markets such as Florida, where the company operates 61 units.

The Family Dining division is the largest foodservice segment of vertically integrated Morrison Inc., which also has specialty restaurants and contract feeding. Family Dining and the company as a whole have bounced back from some difficult financial years at the start of the decade, thanks to an effective turnaround program.

Part of the improvement at Morrison has been a renewed emphasis on food quality. Managers are now held more accountable for food quality. "It's not uncommon to see managers working alongside hourly employees in the kitchens," says Morrison's McGeoch. "This has boosted quality and morale."

Other changes include an increase in unit staffing from two managers to four, and simplification of paperwork. A toll-free telephone number to Morrison corporate headquarters has been added, for customer comments on food and service.

Also, Morrison has redecorated some 80 units and added glass-enclosed gas grills to the service lines. Grill cooks prepare steaks, seafood, and chicken in view of the customers, garnering up to 20% of customer orders in some units.

Expansion plans for Morrison Family Dining call for 10 new units in 1989, half of which will be Sadie's Buffets. Future expansion may someday take the company as far north as Pennsylvania, probably with a Sadie's Buffet, but for now, probably not further north than Cincinnati, says McGeoch.

Morrison units customarily have

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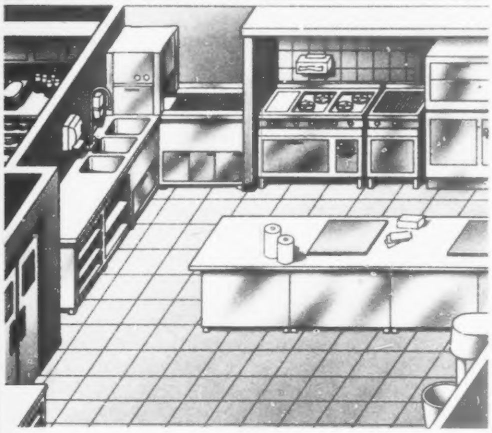
AND IN THE KITCHEN.



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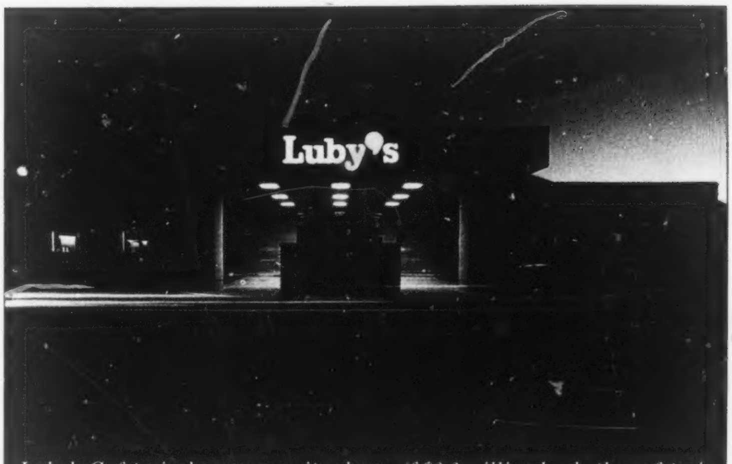
been regional mall tenants. Lately, the company has been entering strip centers and erecting freestanding buildings out of necessity, since regional mall development is slowing down. "Money is not a problem in expanding these days," says McGeoch. "It's finding locations and getting the trained management that are problems."

Luby's Cafeterias turned in sales of $254 million and a unit count of 113 in fiscal 1988. It operates in Texas, Oklahoma, Arizona, New Mexico, and Arkansas, a new state as of this year. Its average unit volume of $2.3 million leads the cafeteria segment. The typical store is 10,000 to 11,000 sq. ft. in area and seats 300.



Luby's Cafeterias' average unit volume of $2.3 million leads the cafeteria segment. The typical store is 10,000 to 11,000 sq. ft. in area and seats 300.

Chief financial officer John Curtis calls Luby's performance "generally flat" in 1988. He attributes this largely to the economic woes of the state of Texas, where more than 90 of the chain's units are located. But he holds hope that 1989 will be better. Stores in Houston and the Rio Grande valley are rebounding, he says.

Luby's jumped on the take-out bandwagon when it began testing its "Good Food To Go" program in its 27-store Houston market, says senior vice president of operations development William Robson.

The program coincided with a prototype unit with a separate entrance for take-out customers. Merchandising includes new "Good Food To Go" logo and signage, backed up by POS materials, menus, and buttons. New take-out menus offer the full Luby's menu.

Chainwide, takeout accounted for only 5.1% of Luby's total sales. However, most recent figures show an overall 7% of sales for the Houston market, and 12.7% for the Houston prototype. As a result of the encouraging test, the program will be expanded to all Luby's units, says Robson. New construction will incorporate the separate entrance into freestanding cafeteria buildings and some strip mall locations.

Expansion plans call for approximately 10% unit growth per year, or 11 new stores in fiscal 1989. Florida is one of several new expansion markets under consideration.

Baton Rouge, LA-based Piccadilly Cafeterias turned in $234.6 million in sales in fiscal 1988. The company experienced margin pressure due to higher labor costs and slight increases in food costs. It expects that labor costs will remain high during fiscal 1989 as it opens and staffs new units.

Despite the economic troubles of the Oil Belt, Piccadilly is opening units at a 10% annual growth rate. As of early October 1988, the chain had 127 units in 14 states along the Sunbelt. The highest concentration of units is in Louisiana, Florida, and Texas.

Piccadilly entered the dinner-house game this year by acquiring the six-unit Baton Rouge-based Ralph & Kacoo's chain of Cajun-Creole restaurants for a reported $34 million.

But the biggest story for Piccadilly in 1988 was its expansion into Modesto and Fresno in central California, making it one of the few cafeteria players to move outside traditional Southern markets. Company statements refer to the Golden State as a potentially huge market.

In total, Piccadilly opened a total of 10 cafeterias during fiscal 1988, in Miami, Atlanta (three new units), New Orleans and Shreveport, LA, and Jackson, MS. In fiscal 1989, it intends to open at least 12 more cafeterias, including a second in Fresno and its first in Bakersfield, CA.

DOUBLE LINES. Several of Piccadilly's new cafeterias in 1989 will be equipped with double service lines. The company says that a double-line setup is capable of doubling its sales volumes in peak periods. In high-volume situations, it is worth the investment of 3,000 to 4,000 sq. ft. of additional space and a few more employees and pieces of equipment. The system already has a number of double-line cafeterias in use, but the company stopped building them in the early 1980s because of their heavy management demand. But with the improvement of its manager training program, Piccadilly will again build them where appropriate.

This year proved to be an active year for Piccadilly's menu development department as well. In addition to its new 40-item breakfast line in test in some stores, Piccadilly rolled out seven new menu items in 1988: barbecued brisket with beans and potato salad, Cajun shrimp, Cajun trout, Swedish pineapple cake, fruit turnovers, and mini-sized pecan rolls and cinnamon rolls packaged for takeout.

Piccadilly says it intends to expand its take-out service in 1989. It encourages customers to phone ahead to choose from a menu that includes a dozen each of salads, vegetables and potatoes, and desserts, plus six entrees, including roast beef, fried chicken, and fried or baked fish.

Lubbock, TX-based Furr's/Bishop's Cafeterias L.P. is a publicly held limited partnership that owns and operates two cafeteria chains, Furr's Cafeterias and Bishop's Cafeterias. There are 128 Furr's located in 10 Southwestern and Far Western states, and 27 Bishop's in seven Midwest states.

Furr's/Bishop's became a public limited partnership in September 1987, spearheaded by Michael Levenson, chairman and CEO of Calvacade and Co., the managing general partner. In 1988, the new regime sought to become the segment's largest player with a hostile takeover attempt of Wyatt Cafeterias. But Wyatt rejected Furr's/Bishop's highest bid of $188 million and approved a $173 million employee stock ownership plan buyout in-

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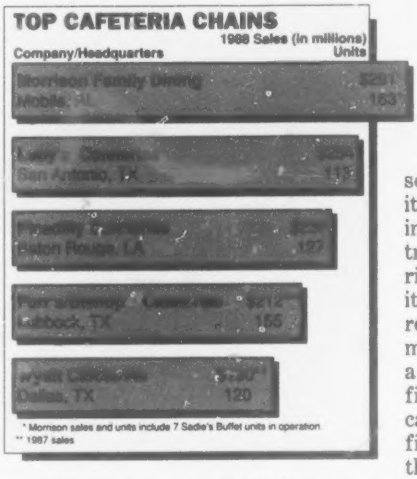
CAFETERIA

stead. For the time being, Furr's/Bishop's is not actively building new cafeteria units, concentrating instead on improving the partnership.

An all-you-can-eat promotion in about 90 Furr's/Bishop's stores has helped increase traffic over last year, ranging from 4.0% in March 1988 to 9.3% in June. For $4.29 at lunch and $4.99 at dinner and on weekends, customers may choose from virtually every item offered on the à la carte menu.

"This promotion brings the cafeteria concept to the attention of many people not familiar with it," says director of marketing Richard Lahvic. "It also puts a cap on price."

Wyatt Cafeterias' resistance to the Furr's/Bishop's takeover attempt diverted a great deal of the company's energy this year and put expansion on hold. The Dallas-based chain had 120 units as of October 1988, predominantly located west of the Mississippi, the majority in Texas. Its 1987 fiscal year sales were about $190 million.


TOP CAFETERIA CHAINS

* Morrison sales and units include 7 Sadie's Buffet units in operation
** 1987 sales

In the future, Wyatt's will incorporate its employee ownership into marketing programs. "We'll be communicating the pride that employees feel in their company. 'I'm an owner now' is the feeling we want to communicate," says director of marketing Debra Hand. "I have seen a definite change in morale."

Although Wyatt is known as a conservative, operations-driven company, it has been among the segment's most innovative. It is following the take-out trend with "Wyatt's To Go," a cafeteria line dedicated to takeout with a limited menu in freestanding stores. It is remodeling its units to a brighter, more contemporary decor to appeal to a younger crowd. It was one of the first segment players to accept credit cards. Wyatt's also was among the first to test breakfast last year, although it subsequently put it on the back burner.

One of Wyatt's most popular holiday promotions is its take-home turkey dinner, which is advertised in some markets on billboards. For $31, customers receive a complete dinner of turkey and trimmings that serves 10 to 12.

The cafeteria market segment also has a number of small chains. One is

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CAFETERIA

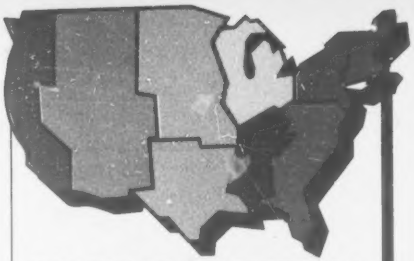
Macon, GA-based S&S Cafeterias, a privately held company operating 20 cafeterias in Georgia, the Carolinas, Florida, Tennessee, and Virginia. In addition to its à la carte selection of more than 100 items, S&S promotes a deal called the Great American Favorite. It allows the customer to choose one of five entrees, two of a dozen different vegetables, and bread, for $3.19, according to president and CEO J. A. Smith. Another small chain is Winston-Salem, NC-based K&W Cafeterias, which operates 20 units in the Carolinas and Virginia. It offers a minimum of 12 entrees, 12 to 14 vegetables, 20 to 25 salads plus a large salad bar, and 12 to 15 desserts. The average check is $3.30. It expects to open two or three new units next year.

COMPETITION. Although the above-mentioned demographic trends promise a bright future for the cafeteria chains, they will still face a stiff battle in an increasingly saturated marketplace. Competition is heating up from outside the segment as well as within.

"We face a broader spectrum of competition than only cafeterias, especially operations with food bars such as Sizzler, Ryan's, and Ponderosa," says marketing vice president Mark Lawrance of MCL Cafeterias, a 27-unit chain based in Indianapolis, IN.

But, if the cafeteria market segment can add some marketing power to its conservative, operations-driven nature, it should be able to thrive. Luby's Vernon Schrader speaks for the cafeteria segment as a whole when he predicts a positive future for the segment. "People will always be interested in a good meal at a reasonable price, one that is nutritious and flavorful."

"We are well positioned for the future," adds Piccadilly's Brian Von Gruben. "As the population ages, we think we'll win."



SOUTH IS CAFETERIA STRONGHOLD

Distribution of Cafeteria Restaurants by U.S. Census Regions.

Region	%	Units
■ New England	1.0%	26 units
■ Middle Atlantic	3.9	101
☐ East/North Central	11.9	308
☐ West/North Central	8.6	221
■ South Atlantic	26.6	687
■ East/South Central	6.9	178
☐ West/South Central	21.5	555
☐ Mountain	6.7	172
■ Pacific	12.9	334

Total cafeteria restaurants:
2,582 units, or 0.8% of total U.S. restaurants

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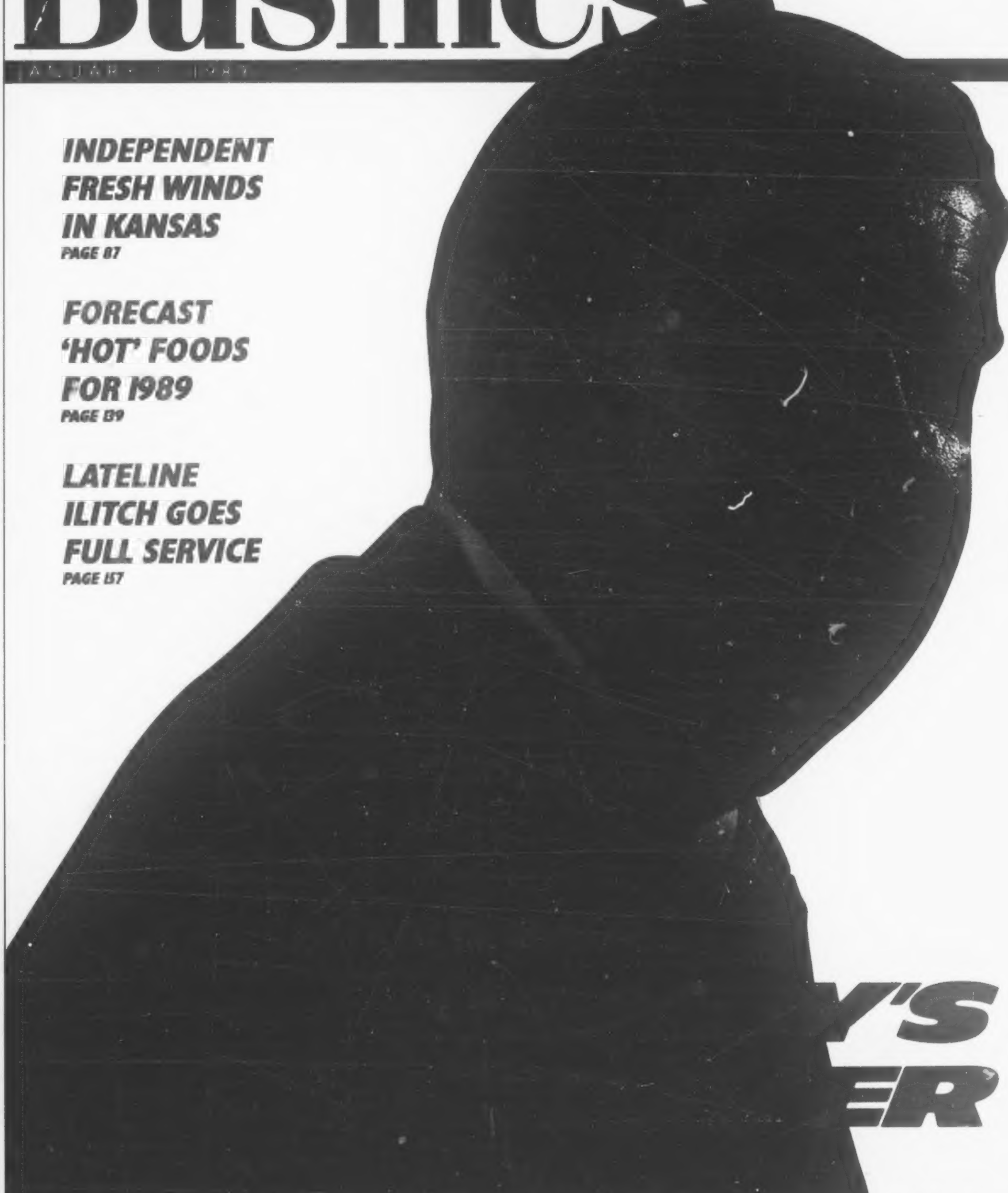

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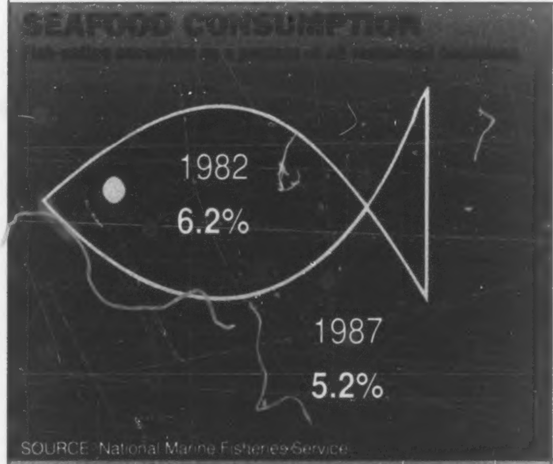
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

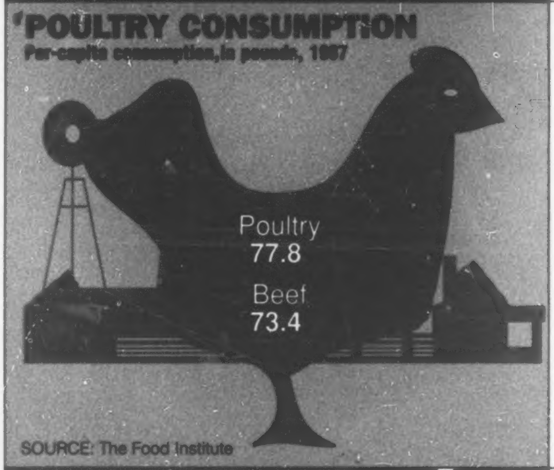
By Howard Riell



SOURCE: National Marine Fisheries Service

Restaurant Seafood Sales Sink

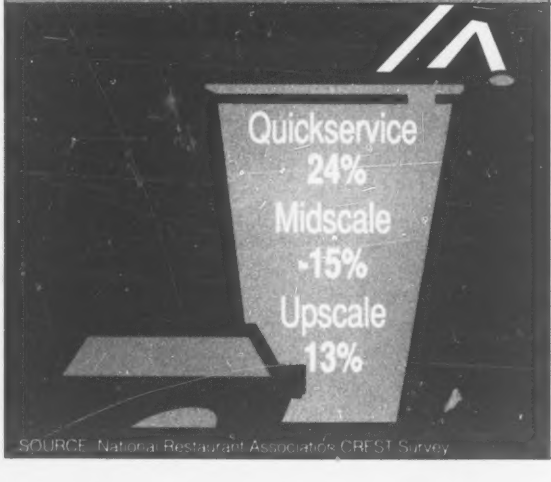
The good news, says the National Restaurant Association, is that "consumers are eating more fish than ever before." The bad news: They're not eating it in restaurants. CREST data shows that from 1982 to 1987, fish-eating occasions fell from 6.2% of all restaurant occasions to just 5.2%. Among the seafood that has not declined is shellfish; restaurant orders rose 4% in 1987. Per-capita shrimp consumption rose to a record 2.3 lb. in 1987, up from 1.5 lb. in 1982. Among price segments, adds the NRA, fish maintains the highest popularity at upscale dining establishments.



SOURCE: The Food Institute

Packing Away The Poultry

Food Institute president Frank Panyko told the National Broiler Council recently that the growth in the number of households that regularly purchase chicken will outstrip the growth of households themselves, 24% to 22%. The popularity of chicken—concurrent with a growing interest in foods perceived as "healthful"—has been well documented. For 1987, in fact, per-capita consumption of poultry was 77.8 lb. as compared to 73.4 lb. for beef, according to Judith Putnam, agricultural economist for the U.S. Department of Agriculture. Health and price, she says, are factors.



SOURCE: National Restaurant Association CREST Survey

Midscale Missing Off-Premise Mark?

Midscale restaurants, according to the NRA, are fumbling the ball in the increasingly lucrative off-premise lunch market—and are down overall over a five-year period. From 1982 to 1987, lunchtime take-out customer counts among midscale operations are down 15%, CREST figures show. For the same period, off-premise traffic at quickservice units is up 24%, and upscale traffic is up 13%. Of particular interest are statistics showing that on-premise traffic at midscale restaurants is also down 15% for the same period, while quickservice is up 20% and upscale is up 5%.

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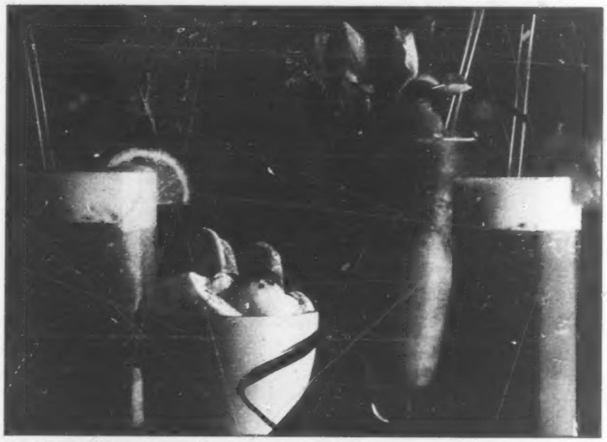

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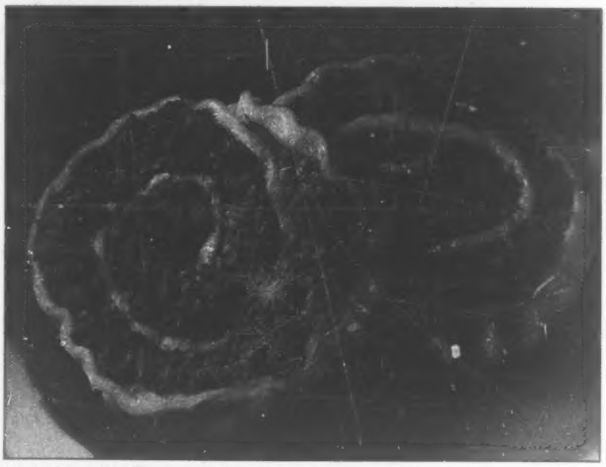

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COVER STORY

TURNAROUND STRATEGY WENDY'S. *Although it has been plagued by a series of difficulties since early 1985, Wendy's appears to be in the midst of a successful turnaround. Spurred on by increased customer counts largely attributable to its new SuperBar self-service food bar, the number-three burger chain's third-quarter sales were $769 million and earnings were $8.7 million. In addition, a restructuring of management has put support staff closer to the field, and operations and marketing have been reemphasized. Executives believe that the SuperBar will allow Wendy's to respond to changes in the marketplace more quickly than its competitors can, but observers wonder if the bar is moving the chain out of the burger business and into more long-range problems. In fact, it seems clear that the chain is not completely in the clear yet* **81**

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Cover photograph by Thomas Hubbard/Black Star.

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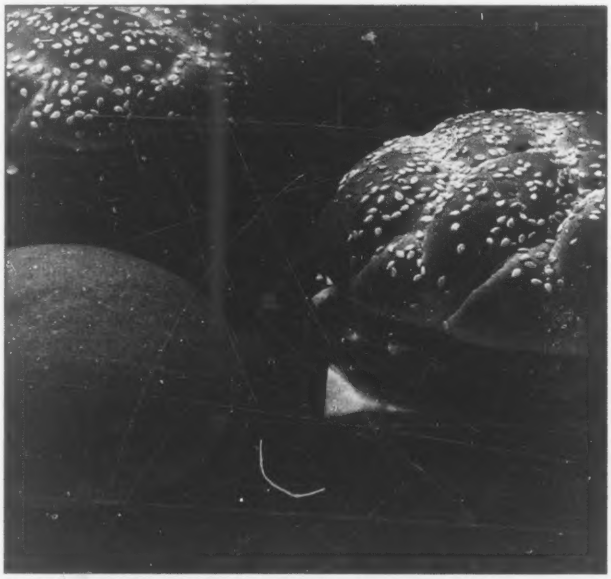
UPCOMING CONFERENCE

Participants from all segments of the foodservice and meat industries will gather at the first **CENTER-OF-PLATE** *Foodservice Marketing Conference. The Conference, scheduled for April 3 to 5 at the Hyatt Regency Hotel in Chicago, is cosponsored by* Restaurant Business *magazine and the American Meat Institute. RB's sister publications,* Institutional Distribution *and* FoodService Director, *will also participate. For more information, see story on page 24 and advertisement on page 146.*

REPRINTS AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1988 MAJOR FORCES IN FRANCHISING.** *These annual studies are invaluable reference tools.*

The reprints are available for $5 per copy. Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*



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COVER STORY

GREYHOUND FOOD MANAGEMENT

Determined to increase profits and solidify its position in the foodservice management market, Phoenix-based GFM is concentrating its efforts in a high-end, quality niche and implementing rigorous cost control standards.

SPECIAL REPORT

SMART HIRING

The solution to staffing problems in a tight labor market begins with the hiring process. This special report examines the techniques used to target, interview, and select the right kind of employees.

MARKET SEGMENT REPORT

BREAKFAST

Despite an industrywide cutback in breakfast marketing, the morning daypart still holds a lot of profit potential for smart operators.

MENU IDEAS

BEEF, PORK, AND VEAL

The center of the plate presents many opportunities for signature presentations, especially now that the popularity of red meat is on the rebound.

DRAFTS, CARAFES & SPIRITS

IMPORTED BEER

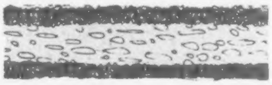
Sophisticated consumers are driving sales gains in imported brews.

GET THE NEW TOUGH SCOUR NYLON SOAP PAD

FROM

TELEDYNE STERLING HUNT

If you use steel wool soap pads for your commercial kitchen clean up, you'll love the New **TOUGH SCOUR** nylon soap pad. This durable pre-soaped scrubber has a special three layer construction to give you maximum grease cutting cleaning power.



Two nylon scrubbing surfaces surround a soft, absorbent sponge center designed to hold and release long-lasting liquid detergent. Teledyne Sterling Hunt's pre-soaped pad will last for clean up after clean up, outlasting up to five steel wool pads. The **TOUGH SCOUR** can also be used with your own liquid soap after the original detergent is gone.

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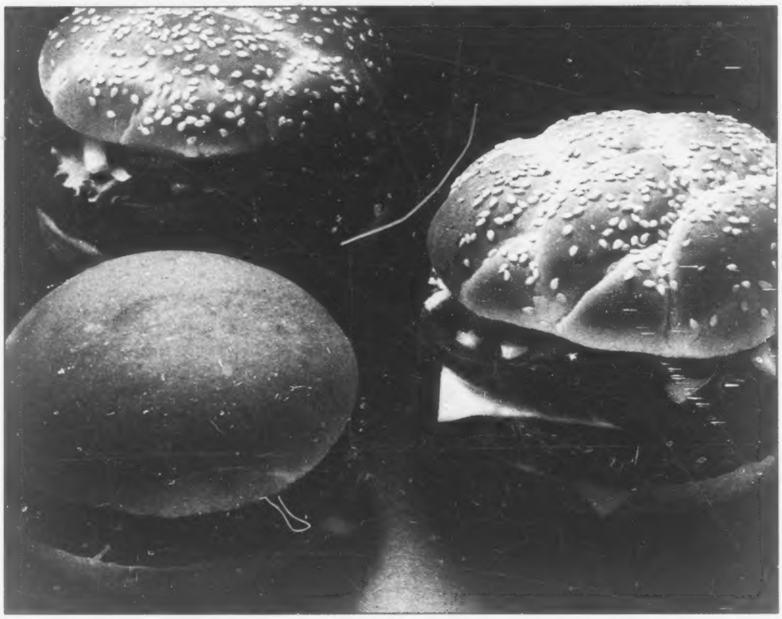
MARKET SEGMENT REPORT

HAMBURGER



Despite its broad and varied menu, Jack In The Box emphasizes hamburgers with its new Ultimate Cheeseburger.

As the burger biggies battle for market share, the smaller chains work at defining and developing their own unique niches.

BY JACQUE KOCHAK

The largest chains in the foodservice industry are battling for supremacy in the hamburger segment, yet ever-optimistic competitors insist there is still room for expansion. In fact, they say, there is room for new competitors if they serve a better burger in a better way.

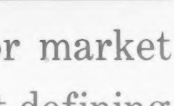
"I believe the hamburger segment itself is very viable," says Mohammed Iqbal, executive vice president of marketing for San Diego-based Jack In The Box. "Chains have to develop their own strategies, and clearly identify how they are going to compete."

Oak Brook, IL-based McDonald's drives the segment, and many other large burger chains, including Burger King and Wendy's, have found themselves losing market share in the face of McDonald's nearly $300-million-a-year marketing blitz.

McDonald's is an institution, to be sure, a monolith and a marketing miracle. And McDonald's dominates the hamburger segment so completely that only the most brash would claim to mount a challenge.

McDonald's this year raised its share of the $25 billion fast-food market by two percentage points, scaring competitors at a time when the name of the game is market share.

The company operates more than 10,000 units in 50 countries (7,500 of them in the U.S.), and new McDonald's units are opening at the rate of one about every 17 hours.



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Several of the chains use nostalgia as their theme.

HAMBURGER
MARKET SEGMENT REPORT

White Castle

Systemwide sales in 1987 reached $14.3 billion, a 15% increase over 1986. Since going public in 1965, McDonald's has reported record systemwide sales, total revenues, and net income for 91 consecutive quarters.

Company-operated restaurant margins rose to 17.8% of sales in 1987, compared to 17% a year ago. The company says the improvement was due to higher sales and lower food, paper, and labor costs as a percentage of sales, and despite a 12% increase in beef costs. In 1987, average sales for restaurants open at least one year topped $1.5 million for the first time, a 75% increase over 10 years ago.

The company's $789 million advertising and promotion budget is more than the total of its four largest competitors', and observers agree that one of McDonald's strengths is its marketing presence.

DEFYING THE CRITICS. The McDonald's corporate culture insists on expansion, and the company has repeatedly defied critics' jeremiads about saturation. McDonald's seeks out unconventional domestic locations such as department stores, airports, and hospitals, and views the rest of the world as fair game as well.

The company's latest expansion coup is an invasion of the Soviet Union. Wholly owned subsidiary McDonald's Restaurants of Canada Ltd. expects to open 20 restaurants there, after 12 years of negotiations. The company says it fully expects its first restaurant in Moscow to serve from 10,000 to 15,000 Soviet citizens a day and earn from $4 million to $5 million a year. The restaurants will be managed in partnership with the Food Service Administration of the Moscow City Council.

EMBROILED. At press time, the nation's second largest hamburger chain—with 5,500 domestic units—Miami, FL-based Burger King Corp., was embroiled in a dramatic takeover battle as a British company, Grand Metropolitan PLC, fought to acquire Burger King's parent, Minneapolis, MN-based Pillsbury. Grand Metropolitan is a food and liquor conglomerate that franchises, among other businesses, some 4,500 pubs in Great Britain. After a series of moves and countermoves by both companies, the outcome was not yet clear.

The result of the takeover battle would clearly be extremely important to the future of Burger King, whose annual U.S. sales of $4.7 billion contribute significantly to Pillsbury's coffers. Concerned franchisees rejected a passive role as they injected themselves into the negotiations and were actively courted by both sides.

The actual battle began early in October, when the British company proferred a $60-a-share bid for beleaguered Pillsbury. As Grand Met courted stockholders (by press time, some 80% of Pillsbury stock had been tendered to Grand Met), Pillsbury management plotted ways to foil the hostile take-over attempt.

An important part of Pillsbury's defense was a proposed spin-off of Burger King, making Burger King Corp.

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HAMBURGERS

Top: The new White Castle.
Rt.: The original White Castle.

ILLUSTRATION BY BOB GALE

HAMBURGER
MARKET SEGMENT REPORT

McDonald's is a powerhouse that completely dominates the market.

an independent entity. Franchisees meeting in Florida late in November roundly rejected the spin-off, saying that the debt load incurred would seriously hobble the new Burger King.

The spin-off would reportedly burden Burger King with well over $1 billion in initial debt, most of which would have passed through to Pillsbury stockholders as a special dividend. Consensus was that the financial community would never support a spin-off attempt that was not acceptable to Burger King's 1,400 franchisees.

Whatever the outcome of the war between Pillsbury and Grand Met, Burger King franchisees have clearly signaled their frustration.

"The franchisees simply don't trust Pillsbury," says franchisee David Stein, president of Southern Industrial Corp., which operates 23 BKs in Jacksonville, FL. "Pillsbury took Burger King profits and treated the company as a cash cow."

Stein believes that the sentiment among franchisees would be for an independent Burger King if the debt load were right. "But Grand Met seems like a good company," he notes.

While the extent of internal discord and franchisee disenchantment with Pillsbury had been hidden from the public, something had clearly been amiss at Burger King for some time. Sales had been slipping, and this year average unit volumes fell below the $1 million mark achieved in 1987. Critics are unanimous in pointing to management upheaval as well as erratic and unfocused advertising as problems.

One BK observer says that Burger King's marketing problems go deeper than erratic advertising. "Burger King seems to think that the way to compete is with better advertising, but Burger King is never going to have McDonald's ad budget," says Ron Paul of Chicago-based Technomic Inc., a consulting firm. "To compete with McDonald's, you've got to offer a better burger, and not just say so in advertising."

Mascot Ronald McDonald poses with some of the chain's prime customers at the opening of the 10,000th unit.

REVERSING TRENDS. The industry has also been watching Dublin, OH-based Wendy's International, the segment's third-largest company, with interest this year. (See cover story, page 81.)

The company has been posting improved profits and sales this year for the first time since 1986. Management has been revamped, and many cost-cutting measures have been taken. Most important, ~~the~~ company last year introduced an all-you-can-eat SuperBar, which apparently has reversed sales trends.

While Wendy's is out of deep water, observers still voice concerns about the introduction of the 18-ft., self-service SuperBar, which boasts a variety of hot and cold foods. The chief concern is that Wendy's risks blurring its image. Another question is whether the SuperBar's success is coming at the cost of other products.

This is a question that is puzzling franchisee Tom Hennings, president of Sis Corp. in Westlake, OH. Of his five Wendy's, only one has the SuperBar. "We've had the SuperBar about a year, and we are noticing that '88 sales are about the same as '87 sales," says Hennings. "Yet between $3,000 and $3,200 a week in sales, or about 18%, comes from the SuperBar. There appears to be some cannibalization."

Yet he hesitates to draw conclusions from the one store, because it might not be typical. That store has been affected by intense competition. "I don't know where sales might have been if we didn't have the bar," he notes.

Interestingly, sales at all but one of his other four Wendy's are up 7% over last year.

GOOD SHOWING. As the so-called Burger Wars have raged, Rocky Mount, NC-based Hardee's has made a very good showing, staking a claim to bypassing Wendy's and becoming the nation's third-largest burger chain. "Our biggest news is that we're making double-digit sales increases over last year, and we attribute the gains to

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HAMBURGER
MARKET SEGMENT REPORT

Together the top four hamburger chains gross over $20 billion.

solid management," says Jerry Singer, Hardee's director of public relations. Hardee's, owned by Imasco USA, operates 3,000 restaurants and reported 1987 systemwide sales of $3.1 billion. Third quarter 1988 sales were $922 million, up 12.2% over last year.

Hardee's rolled out new Chicken Stix this spring, sold in packs of six or nine with a dipping sauce. In the recent past, the company has also reformulated its hamburger and introduced new biscuit breakfast sandwiches, prepackaged salads, and soft-serve ice cream.

While many other chains have seen flat or declining average unit volumes, Hardee's has seen unit volumes increase every year. Average unit volumes have reached $923,000, bypassing Wendy's volumes of $740,000 and within sight of Burger King's annual volumes of $1.03 million.

Hardee's plans expansion in New York, New England, and the West Coast; most of that expansion will be through acquisition. The chain intends to have 4,000 units by 1991.

SUCCESS STORY. In a segment notable for the number of strong, vital players jostling for market share, San Diego-based Jack In The Box, with some 900 units, is another success story. Back in the 1970s, Jack In The Box—then owned by Ralston Purina Co.—was scarcely distinguished from innumerable hamburger outlets.

All that started changing in 1980, when the company symbolically blew up its old clown logo and pursued an older, more affluent customer. An important part of this strategy was offering a different menu, which has served the company well in differentiating Jack In The Box from the competition.

"The way I see it, there's not a whole lot changing in this segment," says Mohammed Iqbal. "This is a mature industry, and we're moving toward what I call 'oligopoly,' with fewer, larger chains or smaller chains that have identified a niche. We have defined a niche for ourselves by offering new and exciting foods through the year."

Indeed, Jack In The Box's menu is anything but static. Last year, the company introduced a line of finger foods consisting of egg rolls, chicken strips, and shrimp. Then came the extremely successful chicken Fajita Pita. The newest introduction is a Mexican finger food—taquitos.

Despite the emphasis on new food introductions, Jack In The Box is very much still in the hamburger segment. "We were the first to introduce a bacon cheese burger, and our Swiss and bacon burger on grilled rye is unique to us," says Iqbal. "And when we introduced our Ultimate Cheeseburger, we got an enormously good response. We believe in innovation in all areas, including hamburgers."

TOP TEN HAMBURGER CHAINS

Company Name	Total U.S. Units	Total U.S. Sales 1987
McDonld's Corp. Oak Brook, IL	7.567	$10.6 billion
Burger King Corp. (Pillsbury) Miami, FL	4.884	$4.7 billion
Wendy's International Inc. Dublin, OH	3.601	$2.6 billion
Hardee's Food Systems Inc. (Imasco Ltd.) Rocky Mount, NC	2.883	$2.5 billion
Jack in the Box (Food Maker) San Diego, CA	897	$684.6 million
Carl's Jr. (Carl Karcher Ent.) Anaheim, CA	446	$380 million
Sonic Industries Inc. Oklahoma City, OK	353	$315 million
White Castle Systems Inc. Columbus, OH	229	$283 million
Whataburger Inc. Corpus Christi, TX	345	$210 million
Krystal Co. Chattanooga, TN	243	$185 million

Last year, Jack In The Box enjoyed a record year for the second year in a row, and broke several sales records, says Iqbal. For two years, the company has seen above-average positive real sales growth. In fact, the chain's per-store volumes have increased by over $100,000 in the last year, up to $900,000.

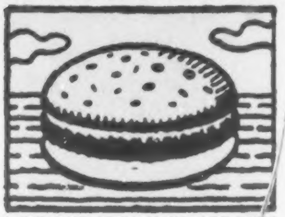
In the 1970s, a beaten Jack In The Box pulled out of far-flung markets to concentrate on its western strongholds. Now, the company is poised for a new round of growth, with plans to grow to 1,400 units in existing markets within six to seven years.

Oklahoma City-based Sonic Industries has done an admirable job of turning nostalgia for lost places and times to its advantage.

The company is authentically straight out of the '50s, with customers ordering from their cars, and orders delivered by carhops.

Sales reached $300 million in 1987, with older units averaging yearly sales of $315,000 and newer units approaching $550,000. Sonics typically have 20 to 24 ordering stations. During rush meal periods, necessity calls for turning those stalls as quickly as possible, so Sonic recently began testing a five-minute service guarantee.

Sonic's 1,000 units, located mainly in small towns in the Southwest,



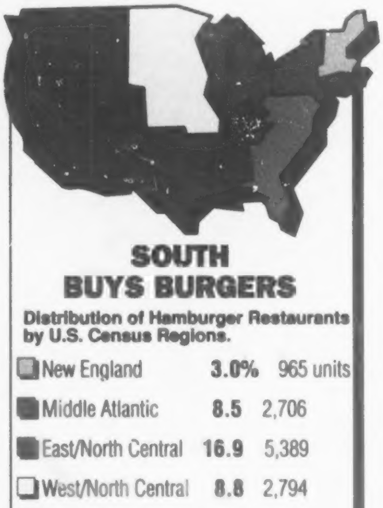
There are 31,920 hamburger units—9.0% of total U.S. restaurants.

serve the same menu they've served since the '50s, with onion rings, Coney dogs, limeades, and cherry colas complementing the hamburgers and hot dogs.

The company has been growing steadily since a leveraged buyout by management in April 1986. The company opened 50 units in fiscal 1987, another 60 in fiscal 1988, and projects the opening of 75 in fiscal 1989. Growth focuses on California and the Southeast.

Anaheim, CA-based Carl's Jr., in deep trouble just two years ago, is again a real competitor in the fast-food arena. Real sales for the 462-unit chain, operated by Carl Karcher Enterprises (CKE), are up 15% to 20% in recent quarters over last year's sales, and an aggressive program of new products and unit remodelings is helping the company.

CKE is in the second phase of a test using debit cards at its Carl's Jr. units in the San Diego and Sacramento markets. Fatty Beckmann, media relations representative, says the company is not releasing statistics, but acknowledges that the program "is working very well."



SOUTH BUYS BURGERS

Distribution of Hamburger Restaurants by U.S. Census Regions.

■ New England	**3.0%**	965 units
■ Middle Atlantic	**8.5**	2,706
■ East/North Central	**16.9**	5,389
□ West/North Central	**8.8**	2,794
■ South Atlantic	**16.8**	5,349
■ East/South Central	**7.7**	2,451
■ West/South Central	**15.6**	4,994
■ Mountain	**6.3**	2,002
■ Pacific	**16.4**	5,270

Total hamburger restaurants:
31,920 units, or 9.0% of total U.S. restaurants

SOURCE: RE-COUNT '88, Restaurant Consulting Group Inc.

In May, Carl's Jr. introduced four new prepackaged salads: a garden salad, a chef's salad, a taco salad, and a charbroiled chicken salad.

Following CKE's turnaround, the company has resumed expansion, says Beckmann. Thirty-five new units opened this year, with plans calling for 48 to open next year. Carl's Jr. units operate in California, Arizona, Nevada, and Oregon.

CULT BURGERS. A strong regional competitor is Chattanooga, TN-based Krystal Co., with some 250 units in the Southeast. Krystal is one of only two companies (the other is White Castle) occupying what vice president of marketing Ted Murphy calls a "cult burger" niche.

Murphy says that for a while Krystal tried to run away from its image. "Now we're refocusing on what we are, and we have seen our first customer count increases in 10 or 15 years," says Murphy. "Nostalgia is great, but you've got to continue to bring in new customers to pass the torch."

Krystal is gradually trimming down its menu, but recently added a new Sunriser hand-held breakfast sandwich. The square sandwiches, with square-shaped eggs cooked using a steaming process similar to that used for Krystal hamburgers, cost just 59¢. Where the Sunriser has been introduced, breakfast business has increased by 25% to 35%, says Murphy.

The company also introduced new Double Krystals, with a better meat/bun ratio than regular hamburgers have. Unit sales are up as much as 14% with the introduction of the Double.

Krystal units are all company-owned. In the future, says Murphy, expansion will focus on the new Krystal Kwik, a drive-thru-only unit.

NEW GENERATION. The other "cult burger" classic, Columbus, OH-based White Castle System Inc., is also faced with the challenge of attracting a new generation while keeping a loyal but aging customer base. The 67-year-old company, which family members say "invented" fast food, has been testing a new marketing program.

Over a year ago, the company introduced its first packaged children's meal, the "Castle Meal." White Castle is also experimenting with several additions to its limited menu, including chicken nuggets and several breakfast sandwiches.

Nevertheless, management is reluctant to tamper too drastically with success. White Castle's annual unit volumes, at $1.3 million, are among the highest in the segment. Sales for 1988 are projected at $300 million.

Newer units are slightly more upscale, with bright orange canopies and decorative stained glass windows. Interiors are earth-toned.

Another hamburger chain that benefits from nostalgic memories is Livonia, MI-based A&W Restaurants Inc., which was almost purchased by Sonic a couple of years ago. The company, with 530 units, is a subsidiary of Taubman Investment Co. Inc.

A&W has been growing steadily for the last two years, with 12 new franchised restaurants opened during 1987 and 25 expected to be open by the end of 1988.

Expansion involves three new prototype designs, according to Mary Owens, a spokesperson for the company. A new 3,000-sq.-ft. restaurant offers counter service, inside dining, and a drive-thru window. The same building design is available in a slightly larger format, while a third prototype is a 1,160-sq.-ft. drive-thru-only design.

A&W management is also actively looking at new types of locations that haven't been considered in the past, such as food courts and strip centers. Because of soaring building costs, A&W is also considering conversions.

DRIVE-THRU-ONLY. Everyone agrees that the relatively new drive-thru-only kiosk concepts, serving a limited selection quickly and inexpensively, have identified a viable niche.

The drive-thru-only alternative appears so attractive that some other

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HAMBURGER

MARKET SEGMENT REPORT

More than one third of all hamburger units are in the South.

fast-food companies have tested their own versions. Both the Hardee's and Burger King chains are said to have tested drive-thru-only units, and Columbus, OH-based Rax Restaurants is testing a similar concept called Zoomz that serves a limited menu of sandwiches, fries, drinks, and burgers.

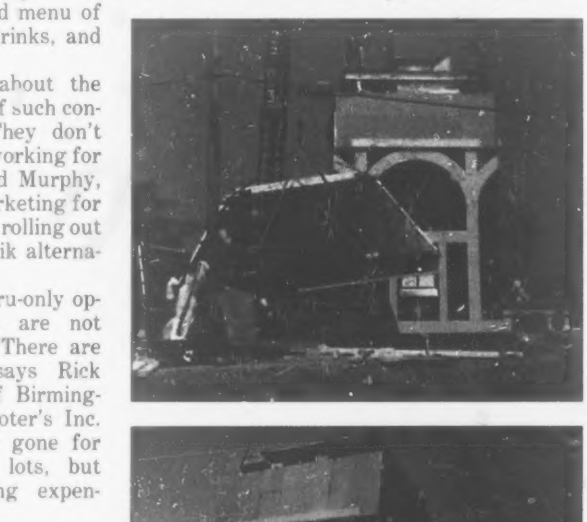
Questions arise about the long-term viability of such concepts, however. "They don't have a brand name working for them yet," says Ted Murphy, vice president of marketing for Krystal Co., which is rolling out its own Krystal Kwik alternative.

Even the drive-thru-only operators themselves are not without concerns. "There are lots of clouds," says Rick Lodde, president of Birmingham, AL-based Skooter's Inc. "In the past we've gone for small, inexpensive lots, but now they're getting expensive."

Also, he notes, drive-thru-only sales overall are not as high as some people might think, with the average probably between $8,000 and $12,000 a week. And, most of the small chains lack the market penetration necessary to effectively advertise.

The great granddaddy of the drive-thru concepts is Los Angeles' In 'N Out Burgers, but the new breed of drive-thru-onlies say they themselves are a different kind of operation. For one thing, In 'N Out Burgers' menu is much broader, the price point is higher, and there is patio seating.

The leading drive-thru-only competitor so far is Rally's, which has earned respect from friends and competitors alike. Rally's, based in Louisville, KY, is a private company started in 1984 by foodservice veterans Jim Patterson and Wayne Albritton. The two are now franchisees.



Central Park U.S.A. uses modular construction to build its drive-thru-only burger units in less than a week.

The company now has about 115 units spread through 17 states from California to Massachusetts. All but two units are franchised, and growth in the future will come from franchising, says president and chief executive officer Richard Sherman.

Competitors note that Rally's strength comes from the principals' very strong roots in the foodservice industry; for example, among early investors and first franchisees were the Trotter brothers, founder of Chart House Enterprises.

Items on the menu are priced at about 30% less than similar offerings at major fast-food chains, Sherman says. The menu is broader than that of most double drive-thrus, with sandwiches such as chicken and hot dogs offered in addition to burgers.

Another drive-thru-only concept that has shown staying power is Chattanooga, TN-based Central Park U.S.A., which will operate 40 units by the end of the year in the Southeast, mainly Tennessee. The first unit opened in 1982, and since that time, the format hasn't changed even slightly.

Says Robert Davenport Jr., chief executive officer, "We're committed to serving the highest quality at the lowest price. We do business in a very straightforward way." The only change in the company's way of operating is the initiation of a franchising program last January; by the end of the year, a dozen units will be operated by franchisees.

Central Park has also started using modular buildings, which arrive at the site only a week before the opening date. The modular parts are constructed of a stucco-like material spread over a plastic foam base.

The drive-thru-only niche appears to be so promising that at least one operator of upscale hamburger restaurants has switched expansion plans to focus on a drive-thru concept. The company is Denver-based Round the Corner Restaurants Inc., which has operated for over 20 years.

Round the Corner, under the leadership of chairman of the board Ed Mas-

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HAMBURGER

MARKET SEGMENT REPORT

Despite chain dominance, independents manage to thrive.

sey, spent a good deal of time doing market research and developing a prototype called Good Times!, then tested the concept in Denver for about a year with extremely favorable results. According to Massey, Good Times! is averaging sales of almost $800,000 on an annualized basis.

In order to expand the concept, Massey recently brought in Hal Taylor as new president. Taylor was president and chief executive officer of Calny Inc., the largest Taco Bell franchisee with 150 units. The Good Times building is a 540-sq.-ft. structure costing about $260,000 to open. Massey says the company's objective is to become a major chain within five years. Initial development will take place in the Denver ADI.

The star of West Coast-based Carl's Jr.'s menu is its extensive line of Star Burgers.

A smaller company that has worked out some kinks is Birmingham, AL-based Skooter's, with a new president drawn from the ranks of franchisees. He is Ricke Lodde, who has made a commitment to increasing speed of service and to upgrading the company's signature quarter-pound hamburger. He is also upgrading equipment and site layout.

Skooter's concentrates on a burger, fries, and soft drink, but also offers a made-from-scratch biscuit breakfast program and "The Blaster," a soft-serve ice cream dessert with pieces of cookies and candies swirled in.

Like Central Park U.S.A., Skooter's has shifted to the use of modular construction. For now, expansion will be cautious, with four new units opened in 1988, during which time three others closed. Lodde says that he hopes to double the size of the company in the next year.

GOURMET BURGERS. Disaster followed when too many companies plunged into the so-called gourmet burger niche a few years ago. In the wake of bankruptcies and failures, a successful marketing opportunity still existed, and a few companies have managed to stake a claim.

"There is still opportunity in the burger segment, because burgers are so popular. I think the public is still not getting the 'adult burger,' offered with some service, on a chain basis," says consultant Ron Paul of Technomic Inc.

Independents have long flourished by offering a high-quality, upscale burger with a variety of toppings in atmospheric surroundings.

One independent is San Francisco's funky Hamburger Mary's. Co-owner/manager Dale Rideout says that Hamburger Mary's was born in 1972 as a "hippie hangout joint" south of bustling Market Street, a now-trendy area full of warehouses, lofts, and artists. Market Street is now jammed with restaurants, and funky Hamburger Mary's has been called the "Grandmother of Restaurant Row."

The centerpiece of the menu is, of course, a hamburger—the Mary Burger, priced at $4.25. The Mary Burger can be dressed up with cheese, mushrooms, avocados, blue cheese dressing, and Spanish salsa. In addition, the restaurant offers a create-your-own omelet with 25 alternatives, other egg dishes, sandwiches, homemade soups, salads, steaks, and fish.

The funky atmosphere and reasonably priced menu have won a loyal following ranging from families with toddlers in tow to movie stars, proof that the ever-popular hamburger has lost none of its allure.

One of the companies that helped draw attention to the potential of gourmet burgers in the first place was San Antonio, TX-based Fuddruckers, which pulled itself out of financial turmoil after succumbing to too much competition and is now successfully completing a turnaround. The company's franchising network is continuing to expand, with units opening in eastern Canada, Great Britain, Mexico City, Australia, and Japan.

"We want to give the customer the message that we're now a new type of restaurant," says Paul Yarmoluk, vice president of development. In fact, Fuddruckers has now remodeled five units to resemble diners, and is also testing a full-service format in two units.

FUN FOODS. The new menu relies heavily on "fun foods," which resemble appetizers but are positioned as inexpensive alternatives to burgers (although burgers still make up 40% of sales). "If we're twisting Fuddruckers to give it more the feel of a dinner house, it is necessary to give more options," Yarmoluk says.

Fun foods include chicken wings, nachos, soft tacos, and beer-battered onion rings, as well as five new salads served in crispy tostada shells.

Yarmoluk is also attempting to open up new dayparts with additions such as cinnamon rolls and muffins. "I don't think we can survive on the hamburger business alone," he says.

A particularly successful addition has been frozen drinks called Daiquiritas. "It's a big step for us to get back into the bar business," Yarmoluk says. In fact, with the addition of the new drinks liquor sales jumped from 5% of sales to 19½% of sales at a full-service test prototype in Los Angeles. ■

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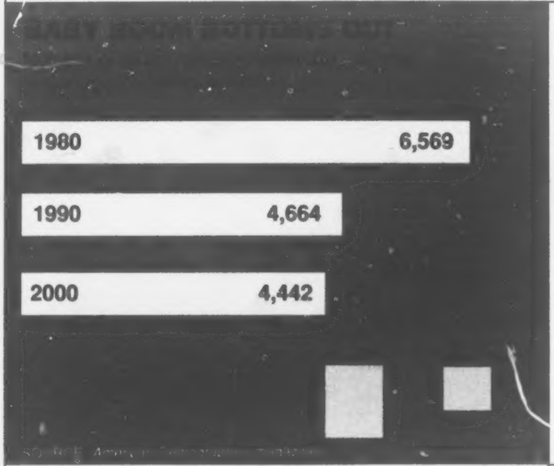
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

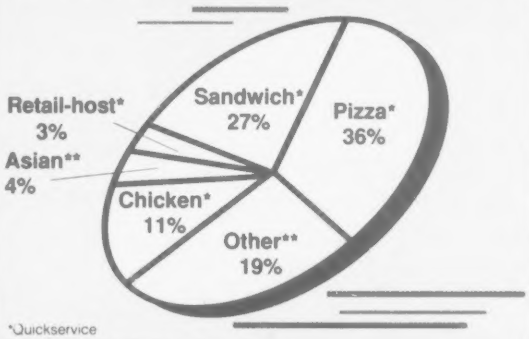


From Baby Boom To Baby Bust

The 1990 census, says *American Demographics* magazine, will show a 46% drop in the number of married couples headed by someone under age 25. In addition, the number of "baby busters" who live alone will increase. The number of family households will drop from 3,813 in 1980 to 2,109 in 2000. Restaurant operators who specialize in marketing to families can take at least some solace in the fact that the number of households headed by those under 25 years of age will drop only 5% from 1990 to 2000, in contrast to a 29% drop in the same category between 1980 and 1990.

TAKE-OUT DINNER MARKET SHARE

Percent of total take-out dinner traffic, 1987



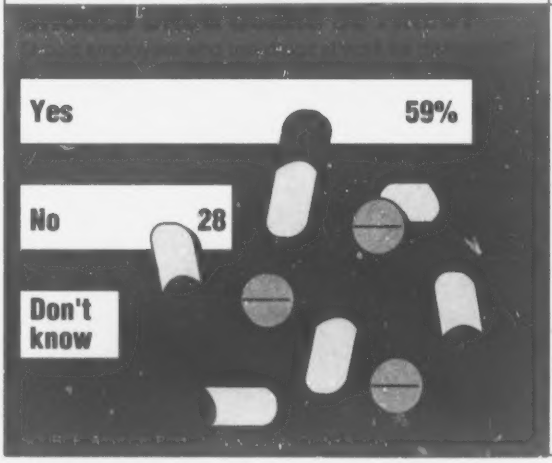
*Quickservice

**Quickservice, midscale, and upscale

SOURCE: National Restaurant Association CREST Study

Sampling Supping On The Run

The National Restaurant Association notes that off-premise dinner traffic at pizza restaurants more than doubled from 1982 to 1987. Further, it presents CREST data for 1987 that reveals that 26% of all take-out dinners at pizza establishments involved the use of some sort of promotional deal (which some segment players view as a growing problem). Overall, take-out traffic at dinner for all restaurant segments has risen dramatically over the same period: 53% for quickservice operations, 16% at midscale restaurants, and 13% at upscale establishments.



Workers Who Use Drugs On The Job

Just over 80% of managers surveyed by the Houston-based American Productivity & Quality Center opined that drug testing should be legal as a pre-employment requirement. But, they added, the decision should be left to the private sector; only 26% saw it as the government's job to mandate such testing. Thirty percent of respondents agreed that employees caught using drugs at work should be prosecuted; 39% said they should not. When asked whether those same employees should be given counseling or assistance, a resounding 95% said yes.

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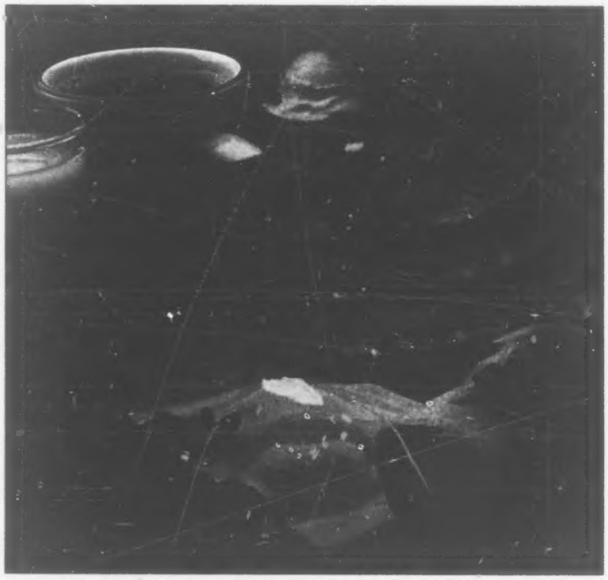
UPCOMING CONFERENCE

Participants from all segments of the foodservice and meat industries will gather at the first **CENTER-OF-PLATE** *Foodservice Marketing Conference. The Conference, scheduled for April 3 to 5 at the Hyatt Regency Hotel in Chicago, is co-sponsored by* Restaurant Business *magazine and the American Meat Institute. RB's sister publications,* Institutional Distribution *and* FoodService Director, *will also participate. For more information, contact Editor Peter Berlinski,* Restaurant Business, *633 Third Avenue, New York, NY 10017. (See ad on page 127.)*

REPRINTS AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1988 MAJOR FORCES IN FRANCHISING.** *These annual studies are invaluable reference tools.*

The reprints are available for $5 per copy. Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*



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COVER STORY

TW SERVICES

Many companies have tried to operate a portfolio of different restaurant chains, but few have done as well as TW Services has. The New York-based company has helped steer Spartan Food Systems, the largest Hardee's franchisee, through an extremely successful year, and has led Denny's out of troubled waters into a new era of prosperity.

SPECIAL FEATURE

THE LIVING MENU

The menu is any restaurant's ultimate merchandising and profit tool, and keeping it current is both an art and a science. The ideal menu evolves to keep pace with changing consumer tastes and market trends.

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ORIENTAL

Chinese and Japanese food are continuing to grow in popularity, yet the Oriental segment has so far resisted major chain formation.

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SANDWICHES

The popularity of hand-held foods has pushed the sandwich category to new heights.

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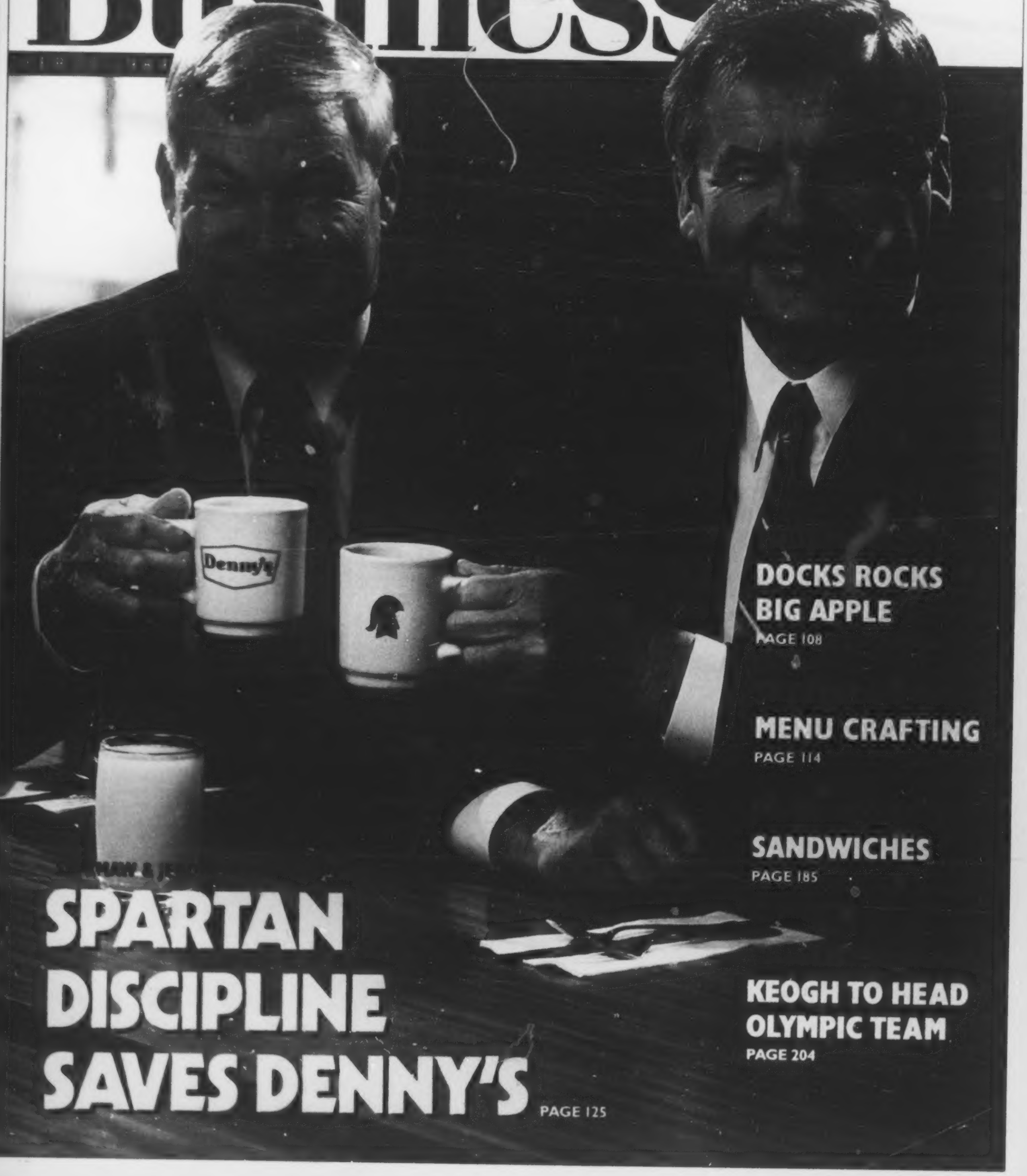

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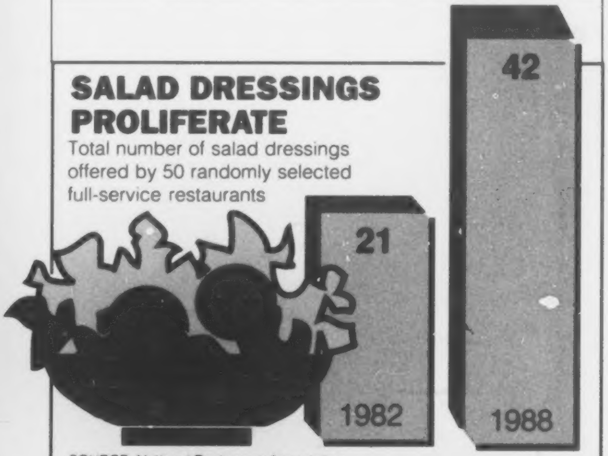
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell



SALAD DRESSINGS PROLIFERATE

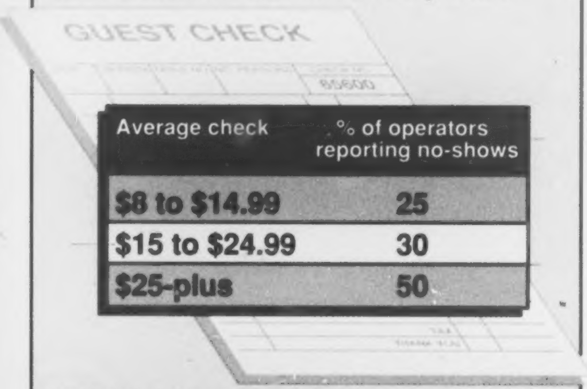
Total number of salad dressings offered by 50 randomly selected full-service restaurants

SOURCE: National Restaurant Association

Dressing For Success

The rapidly growing variety of salad dressings at full-service restaurants can hardly be considered any kind of surprise to an industry that has seen the popularity of salad skyrocket in recent years. The increasing experimentation with and proliferation of dressings, in fact, "suggest the growing importance of salad as both a side dish and entree," according to Harris Rusitzky, vice president of the National Restaurant Association. "It is also a testament to America's fascination with new flavor sensations." Dressing variety has also grown among many fast-food operations.

REPORTING NO-SHOWS, 1988



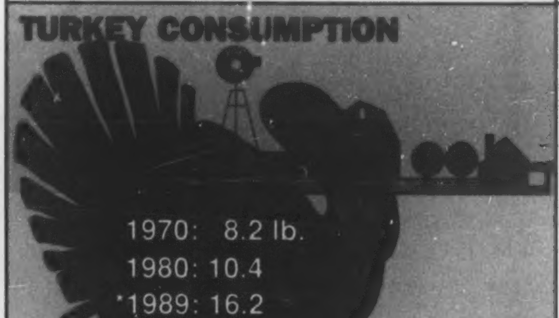
GUEST CHECK
85600

Average check	% of operators reporting no-shows
$8 to $14.99	25
$15 to $24.99	30
$25-plus	50

SOURCE: National Restaurant Association

Reservations About Reservations

More and more operators are talking not simply about the problem of no-shows, but about taking action to curb the practice. Among the ways that restaurateurs can combat the problem recently outlined by NRA treasurer Michael Hurst: cancellation of unconfirmed reservations; maintaining lists of customers who regularly fail to honor reservations; and charging fees for large parties that fail to show up. "In 1989," according to Hurst, "operators will work harder to educate their customers about the importance of honoring reservations."



TURKEY CONSUMPTION

1970: 8.2 lb.
1980: 10.4
*1989: 16.2

In pounds per person
* Estimated

SOURCE: National Turkey Federation

Americans Talking Turkey

Americans are eating more turkey, according to the National Turkey Federation (NTF). "The main reason is that turkey is thought of as a healthy kind of food," says NTF consumer affairs specialist Laurie Wilson. Three-ounce portions of turkey not only have fewer calories (116) than chicken (119) and beef (200), but fewer milligrams of cholesterol (55 for turkey, 68 for beef, and 72 for chicken). In addition, turkey growers themselves have stepped up marketing efforts in an attempt to convince consumers that turkey needn't be just for Thanksgiving.

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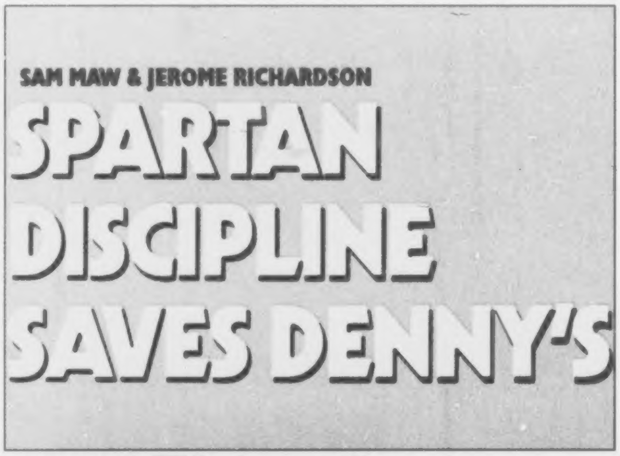

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Cover photograph by Steve Smith.

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UPCOMING CONFERENCE

Participants from all segments of the foodservice and meat industries will gather at the first **CENTER-OF-PLATE** *Foodservice Marketing Conference. The Conference, scheduled for April 3 to 5 at the Hyatt Regency in Chicago, is cosponsored by* Restaurant Business *and the American Meat Institute.* RB's *sister publications,* Institutional Distribution *and* FoodService Director, *will also participate.*

For more information, contact Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*

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IN THE MARCH 1 ISSUE

COVER STORY

THE INDEPENDENT COUNTERATTACK

The independent operator has his own special set of problems. For Kerry Marshall, owner of Mudds, it has been a struggle from day one; business was fueled by explosive growth in his San Ramon, CA, marketplace, but competition has skyrocketed too. Tom McCabe's restaurant Tom Foolery's, in Westboro, MA, has been successful from the start, but McCabe has really had to keep his house in order to stay on top in a crowded market.

SPECIAL FEATURE

THE BEDA AWARDS

The top 100 restaurants for business dining in the U.S. and Canada, as selected by readers of *RB's* sister publication *Sales & Marketing Management*, are honored in this prestigious annual program, cosponsored by *Restaurant Business.*

MARKET SEGMENT REPORT

ITALIAN

Americans can't seem to get enough of Italian food. So far, General Mills' Olive Garden is the only chain to reach anything like national prominence, but many observers think that the market can support several chains in the 200- to 500-unit range. Meanwhile, the cuisine's acceptance by consumers means an opportunity for all operators with a mind to menu diversification.

MENU IDEAS

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ORIENTAL

MARKET SEGMENT REPORT

BY JACQUE KOCHAK

Pictured is the Levy Restaurants' Eurasia, which blends Oriental and Western themes.

At one time, industry observers were saying that Oriental food would be the next ethnic cuisine to be borrowed from the small independents and become big business. Then the experts reversed themselves. Customers do love Oriental food, they said, but they like their egg rolls and moo goo gai pan in traditional surroundings, served by Chinese.

The truth is probably somewhere in between. There are plenty of examples of small, entrepreneurial chains that are flourishing, yet industry annals contain countless tales of other companies that have foundered.

"Historically, restaurants in the Oriental segment have been run by mom and pop operators," says Nancy Kruse, a principal with the Chicago-based consulting firm Technomic Inc. "Our consumer research has shown that Oriental food is most acceptable when it is authentic, and that means served in a restaurant environment where almost everyone you see is Oriental."

ORIENTAL PERSONALITY. Yet small chains exist that employ plenty of Caucasians. Almost always, however, an Oriental personality is behind the enterprise and in contact with the public. Thoroughly Americanized, these Oriental entrepreneurs are chasing the American dream of success.

"I don't want a mom and pop place. I'd be in the kitchen the rest of my life speaking Chinese," says one, Lucy Chee McHale, owner of two Chinese restaurants in California. "And the Chinese community is different than it was 20 years ago. We speak English, and we want to be part of American society."

What appears to be most crucial is the issue of quality and food authenticity. Many of the Oriental chain concepts that have failed were developed by Westerners intent on exploiting a niche that appeared attractive, but whose food simply was not as authentic as that served by the independent operators.

Technomic's Kruse remarks that part of the appeal of Oriental food is that it is perceived as being fresh and healthy. "Unfortunately, the perception of chain food is that it is made up ahead of time or somehow prepackaged, and that it isn't particularly fresh or healthy," she says.

Oriental food is undeniably popular. According to the National Restaurant Association, traffic counts at Asian restaurants leapt 57% between 1982 and 1987, while the restaurant industry as a whole recorded only a 14% gain in traffic. Overall, says the NRA, Asian restaurants accounted for 8% of the increase in total industry traffic.

And, says the NRA, while traffic counts at quick-service and upscale Oriental restaurants have soared,

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LOGO CALLIGRAPHY BY ANITA TAI

midscale restaurants—the particular province of ethnic independents—continue to hold the largest share of the Asian market.

FAST FOOD. Despite all the past failures, there are those who are sure that a successful Oriental fast-food chain will eventually emerge.

"I think the fast-food portion of the segment is going to develop, because Oriental food does lend itself to quick service," says Keith Lowry, president of Mark Pi International, one of the largest full-service Oriental chains.

There *should* be interest in quick-service Oriental operations; according to the NRA, traffic counts more than doubled at quick-service Asian restaurants, compared with a 26% increase for the entire quick-service market.

At a time when take-out commands increasing interest, it is significant to note that, according to the NRA, in 1987 nearly 80% of patrons at quick-service Oriental restaurants ate off-premise, compared with 60% for the entire quick-service segment. Yet few Oriental fast-food operations offer drive-thru or delivery service. In 1987, according to the NRA, only 5% of customers at quick-service Oriental restaurants used a drive-thru, compared to 19% of patrons at other types of fast-food outlets.

One of the most well-known examples of a successful regional chain is Minneapolis' Leeann Chin's Inc., with three full-service restaurants and eight carry-out-only locations scattered around the Twin Cities. Leeann Chin's attained prominence when it was purchased by General Mills Restaurant Group several years ago. General Mills attempted to open several carry-out operations in Chicago, but they were closed and the company was sold back to founder Leeann Chin in March of 1988.

Leeann Chin, a native of Canton, China, was raised to be a traditional wife and mother. But because she wanted to send her children to college, she started working as a seamstress, and later gave cooking classes. One thing led to another, and General Mills published a compendium of her recipes as *Betty Crocker's Chinese Cookbook.*

There are a few regional chains, but all attempts to create national Oriental-concept chains have failed.

While she taught, she catered; later, she was approached by investors. To the dismay of her husband, she opened a restaurant, and it flourished.

The three full-service restaurants all serve a buffet that changes every day. In decor, the restaurants bear little resemblance to the traditional Chinese restaurant. The first restaurant, in a shopping mall, is an intimate space full of wood, marble, and Chinese artifacts. The newest restaurant, in an office building lobby, is terraced in four tiers from the lobby level to a crow's nest bar at the top.

The eight carry-out units, each with about 35 seats, have a fixed menu and a lower check average than the full-service restaurants have. The atmosphere is much more casual, with food served in plastic containers.

Leeann Chin's daughter Laura Chin, a vice president with the company, says that the reason so many hopeful entrepreneurs have failed to establish a successful Chinese quick-service chain is that they've cut corners.

"A lot of people think you can do it like a Burger King—just hire anybody and put the food out," she says. "You can't. Employees have to know Chinese food. We use standardized reci-

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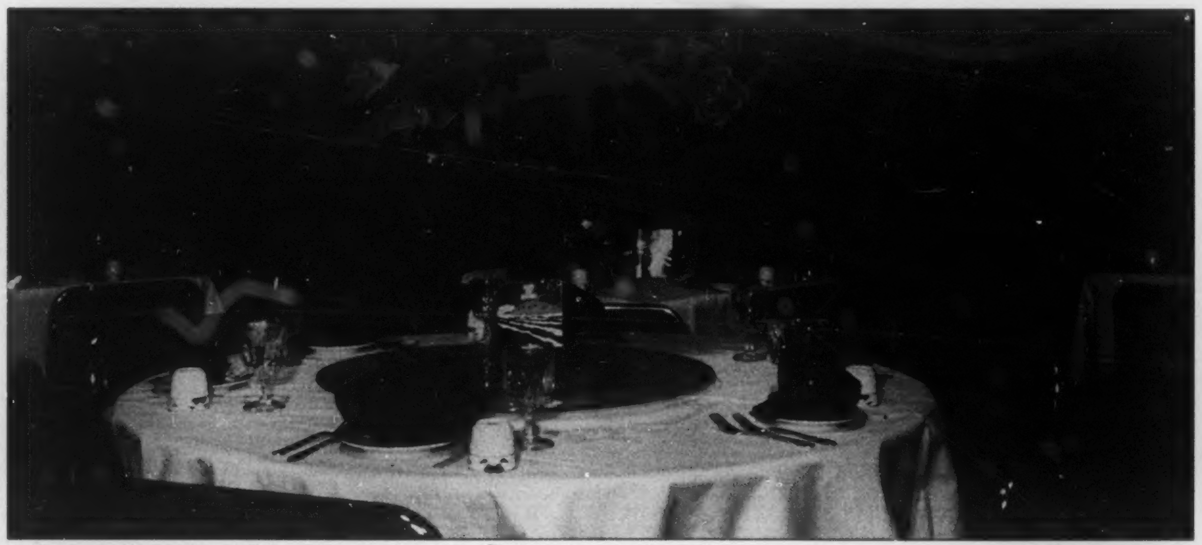


In Chicago, Memories of China offers authentic specialties from various Chinese provinces.

pes, but we can't be too rigid."

Leeann Chin's does not insist that employees be Oriental. "We employ 500 people," says Laura Chin. "There probably aren't that many Chinese people in Minneapolis." Employees are rigorously trained.

EGG ROLLS IN TULSA. Another example of a succcessful, Chinese-owned fast-food chain is Tulsa, OK's Eggroll Express, a company that operates seven freestanding fast-food operations in this oil-belt city of some 750,000. A sister company operates another five units in Dallas.

Both companies are owned by Frank and Bonny Huang, who opened a full-service restaurant called the Peking Garden in Tulsa in 1976. The first Eggroll Express followed in 1983, with the last one opened in February of 1987.

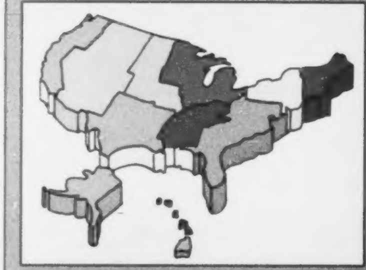
Each Eggroll Express has a dining room usually seating less than 50, as well as a brisk take-out business and a drive-thru that accounts for 30% to 40% of sales, according to business manager Jim Burge.

The mother restaurant, Peking Garden, offers a much broader and more complicated menu than an Eggroll Express. The atmosphere is upscale, with waiters attired in tuxedos.

The Eggroll Express menu has been pared down to favorites such as moo goo gai pan and pepper beef. The six main entrees are served from a steam

LOTS OF WOKS IN WEST

Distribution of Oriental Restaurants by U.S. Census Regions



[illegible]	[illegible]	[illegible]
Middle Atlantic	20.5	3,966
East/North Central	[illegible]	[illegible]
West/North Central	4.9	950
South Atlantic	13.7	2,660
[illegible]	[illegible]	[illegible]
West/South Central	9.1	1,759
Mountain	5.2	1,001
Pacific	28.6	5,537
TOTAL ORIENTAL RESTAURANTS:	[illegible]	[illegible]

SOURCE: RE-COUNT '86, Restaurant Consulting Group Inc.

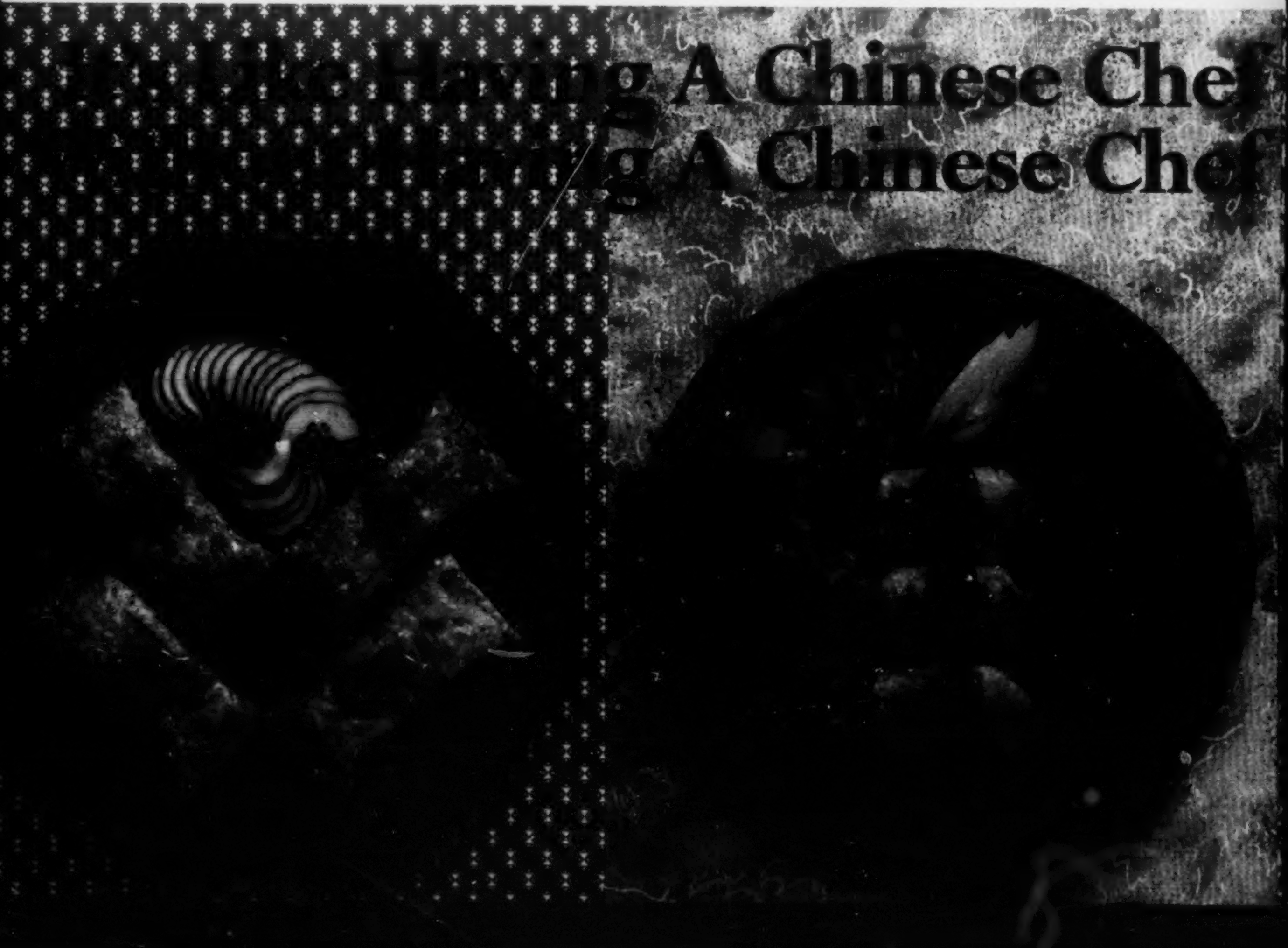


table behind the counter during rush periods, and some six other specialties are cooked to order. All cooking is to order during slow periods.

The average check at an Eggroll Express is about $3.50; the small chain's trademark is ample quantities of food at low prices.

According to Burge, a number of factors make running a fast-food Chinese operation considerably different than running a typical American outlet. "For one thing, the amount of work done in the kitchen of an Eggroll Express is probably five or six times what goes on in a Wendy's or a Hardee's," he says. "Our menu is 70% vegetables, which have to be cut fresh daily. We take a large fresh produce delivery every day, and two or three workers do nothing all day but chop vegetables."

Although the Eggroll Expresses utilize steam tables during busy hours, turnover is so fast that the food is never prepared more than 45 minutes ahead of being served.

> The segment is viable: Traffic counts at Asian restaurants leapt 57% between 1982 and 1987.

Burge says that some Chinese workers are necessary, and that the need for Chinese workers goes beyond the cosmetic. Caucasians require extensive training in order to turn out Chinese food quickly. Such extensive training can be a problem.

The Huangs, with their roots in Tulsa's small Chinese community, are able to attract Chinese workers for the kitchen, although the faces at the counter might be Caucasian, says Burge. Then, the company goes to great lengths to keep them. Turnover is low.

Once Chinese cooks are found, another problem arises. Chinese cooks tend to believe that their own way of handling a wok is right, yet consistency is crucial to the success of any chain, fast food or full service. Eggroll Express utilizes standardized recipes to insure consistency, and head chefs are promoted from within so they know the company's procedures.

Eggroll Express plans some expansion in and around its home market. First will come openings in surrounding suburban communities such as Broken Arrow, Sand Springs, and Se-

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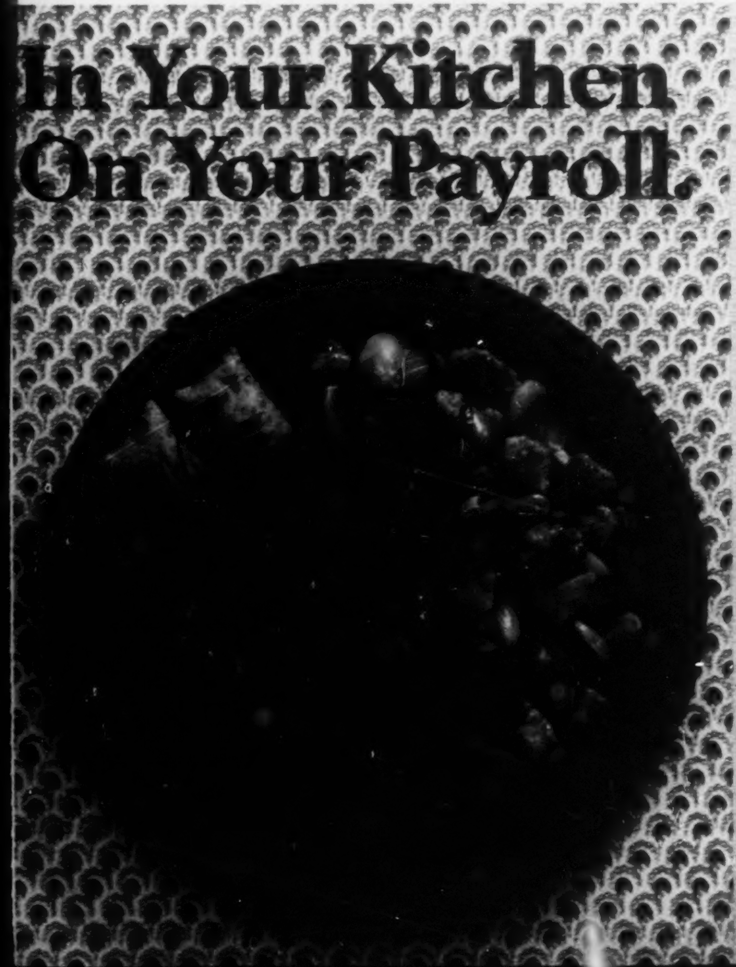

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pulpa. Eventually, Eggroll Expresses may open in nearby cities such as Wichita, Little Rock, and Fayetteville.

Lucy Chee McHale operates a delivery-only Chinese outlet called China Shuttle in Menlo Park, CA. She has spent a great deal of time systematizing recipes, and she says she hopes that the fast-food unit will serve as a prototype for franchising.

McHale has always been innovative. As the young wife of a Hilton Hotel executive, she moved to Omaha, NE, a number of years ago and was dismayed that she couldn't find an array of Chinese ingredients. She started substituting American ingredients in Chinese recipes, and the *All American Chinese Cookbook* eventually developed. After moving to California, she started giving cooking classes. Then two Americans called her and asked her to do the recipes for their new restaurant, China Shuttle. She received a small share of the restaurant for her efforts, but after a short while she bought out her partners.

McHale calls her menu "California-style Chinese." Such traditional favorites as egg rolls, wontons, potstickers, and hot-and-sour soup share the menu with more innovative specialties such as Chinese chicken salad with spicy peanut or sweet-and-sour ginger dressing. Fresh sourdough bread is used for the shrimp toast. And the obligatory fortune cookie has been dressed up with a chocolate coating. Drink offerings include natural sodas. Prices range from $1 for an egg roll to $7.50 for Szechwan shrimp.

McHale agrees that an easily duplicated Chinese fast-food prototype has been difficult to develop because of the vagaries of Chinese chefs. "That's why I'm formalizing everything." At China Shuttle, much of the laborious chopping and cutting of meats and vegetables is done by machine. Nevertheless, one person does nothing all day but cut vegetables. Another cuts meat.

The vegetables and marinated meat are preportioned, enough for one recipe per plastic bag, and refrigerated. Sauces are dipped with 3-oz. ladles, so all a cook does is grab the correct vegetables and meat, throw them in the wok, and add a ladle of sauce to cook to order. Recipes are clearly posted.

As a result, McHale says that she doesn't have to rely on Chinese personnel. In fact, only one of her workers is Chinese; most of the rest are American college students.

McHale just recently opened her full-service China Shuttle restaurant at the site of a former restaurant with a '50s diner theme. She has kept the '50s decor, including a soda fountain that makes milk shakes and sodas, but the menu is an expanded version of the first China Shuttle's. The restaurant also emphasizes delivery.

The first China Shuttle is the prototype for any future expansion, explains McHale. The second China Shuttle is atypical, developed for a site she found and liked very much.

An interesting concept in the New York City area is Mr. Tang's, with two full-service restaurants with adjoining take-out operations, and three take-out-only units now open in Brooklyn. More take-out units are set to open this year, and the Caucasian owners say they believe they could expand Mr. Tang's in the New York metro area.

What makes Mr. Tang's unique is that, to all outward appearances, the restaurants are operated by ethnic Ori-

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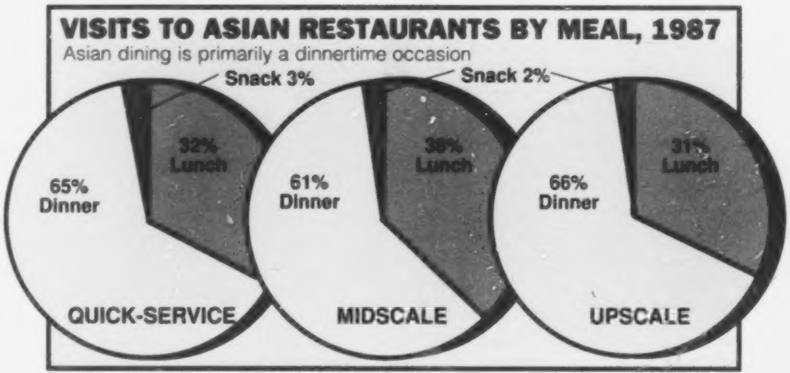
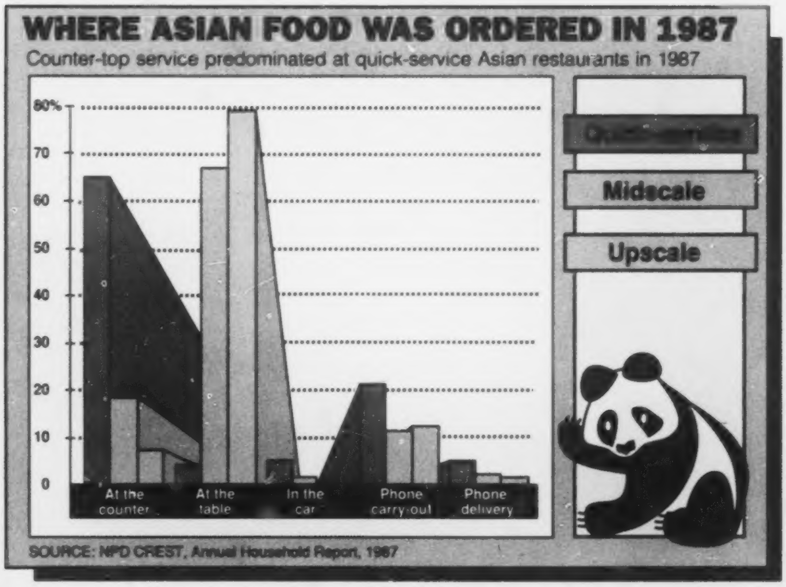


VISITS TO ASIAN RESTAURANTS BY MEAL, 1987

Asian dining is primarily a dinnertime occasion

SOURCE: NPD CREST, Annual Household Report, 1987



WHERE ASIAN FOOD WAS ORDERED IN 1987

Counter-top service predominated at quick-service Asian restaurants in 1987

SOURCE: NPD CREST, Annual Household Report, 1987 entals. Not a clue exists that Westerners—Italians—own the restaurants.

This "deception" is possible because owners Michael DeLuca and two other Italians have a fourth partner, Nicky Tang, a Chinese man with ample ties to New York City's vibrant Chinatown. All the Mr. Tang's employ Chinese workers almost exclusively, as well as Chinese chefs and managers. What separates the Mr. Tang's group from many of those owned by Chinese people, however, is an insistence on standardized recipes.

In addition, the Caucasian owners have made every attempt to accommodate their Chinese workers and understand their culture. Because transportation is often a problem, the company even provides transportation from Chinatown to Mr. Tang's units.

ANOTHER APPROACH. Rather than trying to develop an Oriental fast-food concept along the lines of a traditional Chinese restaurant, one restaurateur is taking a different approach.

"A lot of operators are trying to make a go of it in the Oriental segment, but they're trying to go straight Chinese," says Sid Shane, owner of Miami's Samurai Sam Jr. "They're going head-to-head with the ethnic independents, and it won't work."

Besides the company-owned unit in Miami, three franchised units are open in Texas, California, and Florida. Shane says that franchising is on hold until more company units are open.

Shane doesn't try to convince customers that Samurai Sam Jr. is a "real" Chinese restaurant. The restaurant is small and bright, with only 12 seats and an emphasis on take-out and delivery. The menu is about half popular Chinese specialties and half Japanese specialties, with a smattering of other cuisines.

About 60% of sales come from delivery, says Shane, and he's shooting for 80%. Drivers show up at homes within a three-mile radius in 30 minutes, clad in "happy coats" and carrying orders packed in specially designed packaging that can be reheated in a conventional or microwave oven. Delivery service is promoted via flyers, door hangers, and direct mail.

The restaurant doesn't look like the typical Oriental restaurant. All cooking takes place in an open kitchen, and the small dining room is full of neon and traditional *soshi* wall screens.

China Shuttle in Menlo Park, CA, is a delivery-only operation.

Successful operations almost always have an Asian personality masterminding the enterprise.

Shane chose to develop a menu featuring both Chinese and Japanese food for several reasons. In addition to setting Samurai Sam Jr. apart from the ethnic competition, the combination allows cooks to turn out food faster. Most kitchens can't accommodate 10 or 15 woks fired up at once, and most cooks can't manage a multitude of woks. Therefore, at least half of Samurai Sam's menu doesn't require woks.

Like other operators, Shane has confronted the problem of the temperamental Chinese chef who likes to do things his own way, works without recipes, and in essence holds the kitchen hostage. Shane has standardized recipes, and uses Orientals to teach Caucasians Chinese cooking techniques and how to use a wok.

In addition, Samurai Sam Jr. utilizes a commissary that prepares sauces and other basics for the four restaurants. At the units, most of what goes on in the kitchens is marinating and stir-frying.

Shane says that volume is important to the success of an Oriental concept, because large portions are expected by customers. He projects that the Miami Samurai Sam Jr. will gross close to $500,000 in 1988, although "$400,000 would allow me to do a nice profit."

THE GIANT. Samurai Sam Jr.'s approach, combining both Eastern and Western elements with crowd-pleasing theatrical flair, is precisely the formula that has swept Benihana to success. Benihana is celebrating its 25th year in business this year.

Miami-based Benihana National Corp., the public company, now boasts 19 company-owned units and one franchised unit, while Benihana of Tokyo, the sister company 100% owned by founder Rocky Aoki, operates 29 company-owned and eight franchised restaurants. Another restaurant under the Benihana National Corp. umbrella was scheduled to open by mid-February, and president Joel Schwartz says that slow but steady expansion will continue.

Benihana is now in the process of developing a new concept, called the Benihana Cafe, that will be franchised on a wider basis. The Benihana Cafe will eliminate the seating of customers around a number of grills where one chef at each table cooks the orders. Instead, one large cooking area with one chef will be surrounded by small tables, and meals will be delivered to the tables, says Schwartz. The Benihana menu will remain the same.

The first Benihana Cafe was scheduled to open early this year in New York City, as a franchise of the Riese Organization. They are expected to eventually open two Benihana Cafes.

Schwartz notes that Benihana has gone back to basics in the last year. The company's retail line of frozen foods was sold last December, and in March, a seafood emporium called Big Splash was closed. As a result, Benihana is showing a return to profitability for the second quarter after a couple of years of losses. Average unit volumes are $1.8 million, says Schwartz.

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Schwartz is among those who agree that Oriental faces are important at an Oriental-themed restaurant. Benihana brings chefs from Japan, where the company maintains an office. Founder Rocky Aoki's family operates 24 restaurants in Japan; they're known as Benihana of New York.

CHINESE PARTNERS. The most successful chain in the country with a more traditional Oriental motif is Columbus, OH-based Mark Pi International. It has 30 units scattered around Ohio and sales of $20 million in 1988.

Most of the restaurants are full-service units operated under the name China Gate, while nine units are fast-food outlets called Ancient Wok.

Mark Pi International president Lowry, who works closely with founder Mark Pi, says he is not sure why this company has been successful where others have failed. "I think that part of what we've done right is to open a commissary, which gives us consistency and control and gets us away from dependence on highly trained chefs," he says. In addition, he says, all restaurants are operated under licensing agreements, with operators who are partners in the unit. And most of the partners are Oriental.

"It certainly doesn't hurt to have some Chinese faces around, especially when one is your host," Lowry says. "However, in our units in some smaller towns, we have almost all Caucasian employees. The competition doesn't have Oriental employees either."

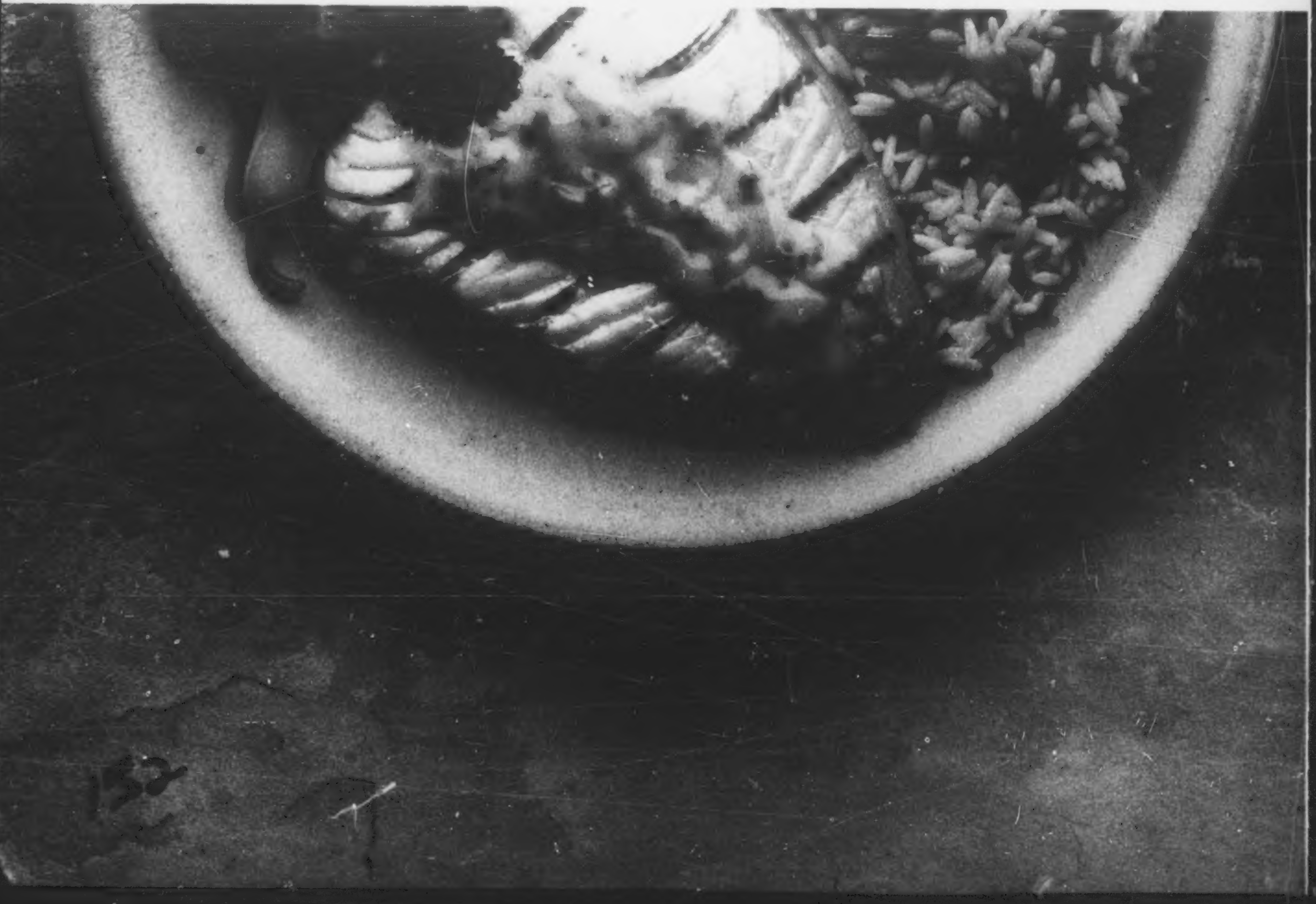
Over the last year, Mark Pi International management has been concentrating on developing operating manuals and efficient systems, as well as installing a mini-computer. The company is also looking at initiating distribution of its egg rolls.

"As we contemplated opening more units, we realized we had to develop systems to insure consistency between units," says Lowry.

Mark Pi International has also opened a downscaled prototype that will be a model for future expansion. "Our other restaurants are tagged as 'gourmet Chinese,' with tuxedoed waiters and a check average of around $12," says Lowry. "The remodeled unit has a slightly lower check average, more casual uniforms, and a simplified menu."

The simplified menu is also a result of Mark Pi International's desire for expansion. "We wanted to make sure that recipes could be handled by multiple operators, unlike some of the more complicated gourmet sauces we are using now. We are concentrating on dishes that can be done well by a capable, trained person."

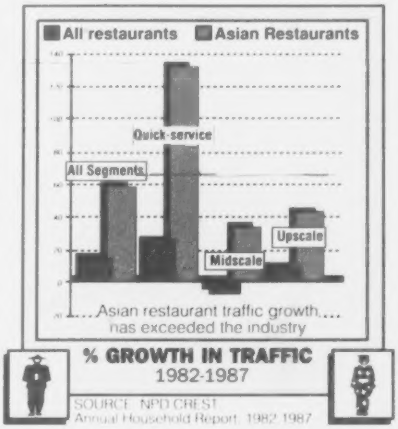
Particularly popular right now are restaurants that draw their inspiration from Asian cuisine, but skillfully blend



Asian ingredients with Western styles of cookery.

One such restaurant is Chicago's Eurasia, owned by The Levy Restaurants, owners of some 30 fashionable restaurants in Chicago and Pittsburgh. Opened in June 1988, Eurasia is a long way from the typical Chinese restaurant. The menu harks back to the East, but the innovative selections are Eurasia's own.

Dinners are served family-style. Attention is paid to the appearance of plates; for example, a half tandoori chicken, with crispy red skin, is surrounded on a plate with petals of grilled leeks, cucumbers, and shiitake mushrooms, and served with sesame mayonnaise and *nan* bread. Sashimi-grade tuna, seasoned with a Japanese spice mix called *shichimi togarashi*, is thinly sliced and fanned out on the plate, then balanced by a mango-papaya and teardrop tomato salsa.



% GROWTH IN TRAFFIC
1982-1987

SOURCE: NPD CREST
Annual Household Report, 1982-1987

Other signature dishes include tuna tartare with Eurasia sesame crackers; Peking Duck Eurasia with scallion-rice pancakes; a whole sizzling seasonal fish; lobster toast; and spinach lamb potstickers. Side dishes range from spicy Indian ratatouille to cold sesame pasta and duck fried rice.

Desserts combine French and Italian techniques with Asian influences. Selections include fried banana wontons, a steamed ginger pudding cake, and Pandora's Box, an almond meringue box filled with white chocolate chip and caramel mousse, and dark chocolate and caramel sauces.

Prices for lunch entrees range from $7.95 to $15.95. Prices for dinner entrees range from $13.95 to $22.95. Average check is $16 per person at lunch and $28 per person at dinner.

Chopstix, an Oriental-inspired restaurant on Los Angeles' trendy Melrose Avenue, may be the prototype for a chain, says co-owner Bill Milham.

Chopstix's menu was designed by Hugh Carpenter, a Chinese chef and

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If you're like most food serv[illegible]
you're always on the lookout f[illegible]
up your entrees. After all, an innov[illegible]
there can translate into higher profits. That's why
using Blue Diamond® Almonds makes so much [illegible]

[illegible]

BLUE DIAMOND

Heinz

cookbook author. Carpenter, a partner in the restaurant, is working on a cookbook based on Chopstix's menu.

The menu is broken down into four different categories, and is designed for grazing. Selections include soups and salads, dim sum, stir-fried dishes, and grilled seafood and meats. Everything comes in appetizer-size portions.

"We consider our menu Thai-Chinese-California cuisine," says Milham. "But we're not going to go head to head with the typical Chinese restaurant." For example, one dim sum selection is a Tex-Mex vegetarian dumpling. A Chinese Marco Polo pizza is made with duck and Chinese vegetables, and a coconut noodle toss is served with shrimp or chicken and vegetables. Other selections include a curried chicken *bao* that is available fried or steamed.

Prices are moderate, with lunch checks in the $5 to $7 range, and dinner checks in the $8 to $9 range. Yet, the restaurant's image is upscale, with bright splashes of turquoise, yellow, and raspberry.

In the open dining room, a cook prepares grilled items at one end, and "dim sum ladies" and "salad ladies" work at the opposite end. Employees doing the cooking are Oriental, but most of the waitstaff are Caucasian.

The partners opened their second unit at the end of last year, and hope to launch more units in the future. Five leases are already signed in other California locations. All are company-owned or limited partnerships.

"After five stores anything is possible. We have offers to go into Japan and Europe," says Milham. "We feel we've created a restaurant concept that is unique, easily duplicated, and extremely simple."

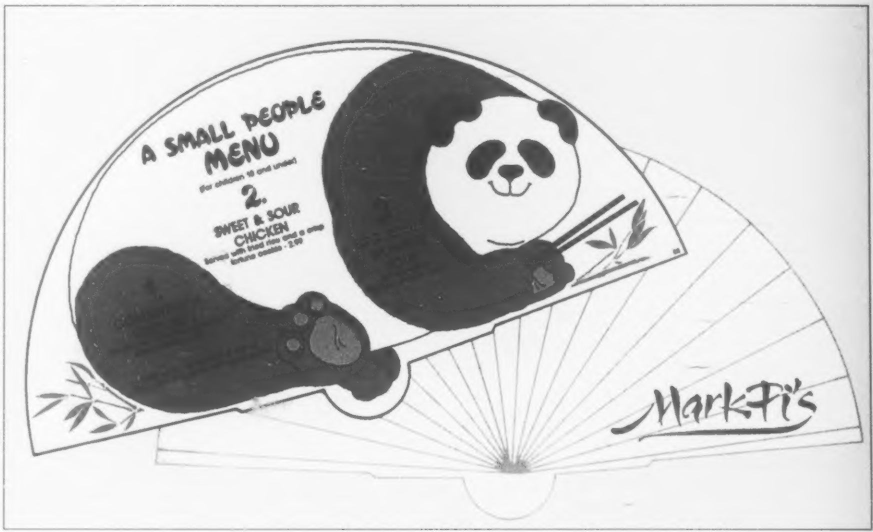
One of the keys to the concept's simplicity is a commissary kitchen, where food is prepared fresh daily and trucked to the two units' kitchens.

GOING HEAD TO HEAD. Around the country, a few Caucasians in love with Chinese food have dared to challenge the hegemony of the Chinese chefs by opening their own upscale restaurants. One is Martin Binder, a Chicago banker and manufacturer who owns Memories of China, serving specialties from the Chinese provinces.

Memories of China daily offers seven fresh fish in a variety of preparations. Although seven different preparations are available for each fish, the menu recommends preferred preparations. For example, the recommended preparation for Dover sole is gently sautéed whole fish in the Mandarin tradition with a garlic, ginger, and scallion marinade. The menu recommends that orange roughy be prepared Cantonese-style, lightly batter fried and covered with a delicate sweet-and-sour sauce.

Other seafood specialties include Kung Bao squid from Szechwan, sautéed with red peppers and peanuts in a spicy red sauce; Three Flavor Szechwan scallops with vegetables in sweet, hot, and sour sauce; lemon shrimp in bird's nest from Canton—deep-fried shrimp sautéed in a tart lemon sauce and served in a potato "bird's nest"; and whole Maine lobster served Cantonese-style with egg flower sauce, Szechwan-style in spicy, sweet-and-sour sauce, or Hunan-style in a fiery garlic sauce. Entree prices range from $7.95 for some vegetarian dishes to $37.95 for Three-Way Peking Duck.

Binder admits that he does not have to rely on Memories of China for an income, and that he lost a lot of money the first seven or eight months the restaurant was open. He had the luxury of staying power, however, and during that time sales built from about $30,000 a month to about $100,000 a month.



Pictured is a children's menu from Mark Pi International, a 30-unit, full-service chain.

Potential certainly exists in the Oriental segment, but whether that potential can be tapped by Westerners remains to be seen.

Quality is extremely important, and customers want to be assured of some degree of authenticity if they are visiting a restaurant billed as Oriental.

In the past, entrepreneurs have been especially intent on developing a fast-food Oriental prototype that could be expanded on a wide basis, and that hope still exists.

"There's no reason why Oriental fast food shouldn't be up there with all the other ethnic foods," concludes Samurai Sam Jr.'s Sid Shane. "Oriental fast food just hasn't been presented properly. You've got to go first class and offer excellent quality. There's a market out there, but not for the guy who just wants to make a quick buck."

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Restaurant Business

A BILL PUBLICATION

MARCH 1, 1989

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**LATELINE:
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GOING IT ALONE

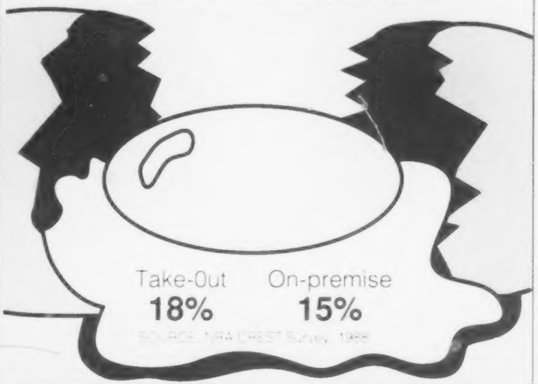
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

BREAKFAST TAKE-OUT GROWS

Percent traffic increase at breakfast, 1982-1987



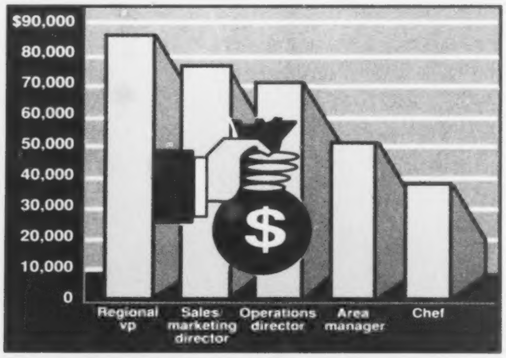
SOURCE: NRA CREST Survey, 1988

Starting The Day On The Run

During the first three quarters of 1988, reports the National Restaurant Association, take-out traffic at breakfast increased 10% over the same period in 1987. The biggest increases have come on weekends, NRA figures show. From 1982 to 1987, breakfast traffic rose 47% on weekends, as opposed to just 5% during the week. Saturdays are generally more popular than Sundays. Quick-service and upscale restaurants notched the largest increases, each topping 50% (midscale trailed behind at just 8%). Almost one-third of breakfast take-out went to customers aged 25 to 34.

HOSPITALITY SALARIES, 1989

Projected U.S. median salaries



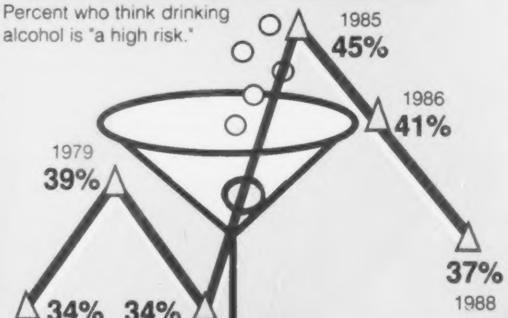
SOURCE: Roth Young 1989 U.S. Salary Outlook Survey

Slower Sales, Smaller Salaries

Roth Young puts it bluntly: "Locked in a fierce battle for market share, and faced with intense pressure to contain costs, the restaurant, lodging, and resort establishments that comprise the nation's labor-intensive hospitality industry are expected to hold down most 1989 salary raises to only a modest 4% to 6% increase above 1988 levels." Unit managers "capable of balancing the difficult equation of satisfying customers and motivating workers" will command higher raises, as will human resource recruitment and training specialists.

PERCEPTIONS OF ALCOHOL

Percent who think drinking alcohol is "a high risk."



SOURCE: Roper's The Public Pulse

Decline In The Fear Of Drinking

While statistics show that Americans' fears of alcohol have diminished, *The Public Pulse* warns that foodservice "is facing shrinking markets for many types of liquor. Why is it happening? The most important factor may be that the public tends to be more concerned about the social effects of heavy drinking than the personal effects of moderate drinking." The report concludes that while consumers will certainly continue to drink, they will probably drink less heavily—and drink beverages that are perceived as lighter, like beer, wine, and wine coolers.

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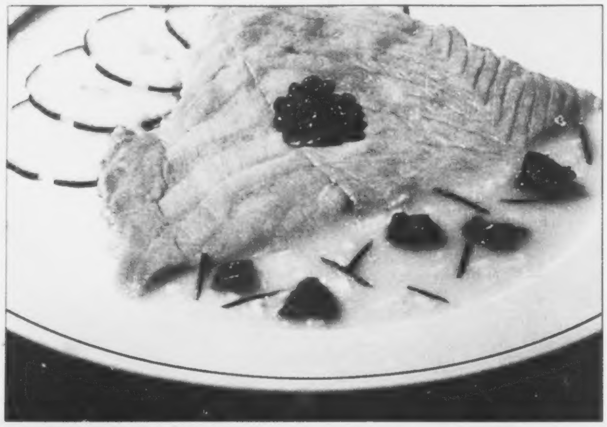

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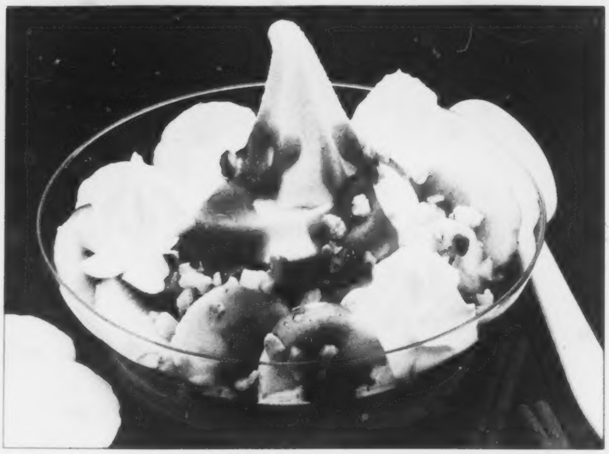

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COVER STORY

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Cover photograph by James Sugar/Black Star.

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UPCOMING CONFERENCE

Participants from all segments of the foodservice and meat industries will gather at the first **CENTER-OF-PLATE** *Foodservice Marketing Conference. The Conference, scheduled for April 3 to 5 at the Hyatt Regency in Chicago, is cosponsored by* Restaurant Business *and the American Meat Institute.* RB's *sister publications,* Institutional Distribution *and* FoodService Director, *will also participate. For information, contact Editor Peter Berlinski,* Restaurant Business, *633 Third Avenue, New York, NY 10017.*

REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1988 MAJOR FORCES IN FRANCHISING.** *These annual studies are invaluable reference tools. The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*

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IN THE NEXT ISSUE

COVER STORY

MAJOR FORCES IN FRANCHISING

The 24th Annual Franchising Report explores the tremendous potential of franchising, which continues to outstrip the overall industry in terms of growth. This comprehensive, state-of-the-industry report includes information on 11 market segments (hamburger, chicken, Mexican, sandwich, steak, pancake, pizza, seafood, donut, ice cream/yogurt, and c-store), as well as exclusive growth projections for the franchising economy.

MENU IDEAS

RICE AND BEANS

Thanks to the ethnic trend, more attention is being focused on such "earthy" ingredients as grains and legumes. This is good news for operators, because these ingredients are versatile and very cost-effective to menu. A number of center- and side-of-the-plate options for rice and beans will be introduced by the *RB* Test Kitchen.

DRAFTS, CARAFES & SPIRITS

DOMESTIC BEER PROMOTIONS

Beer remains one of the most promotable beverages. This month, *RB* looks at beer clubs, sports specials, and food tie-ins that keep the taps primed.

EQUIPMENT I.Q.

COMBINATION OVENS

Versatile combination ovens can help operators make menus more interesting.

WATCH FOR OUR SPECIAL READER CONTEST IN THE MARCH 20TH RESTAURANT BUSINESS.

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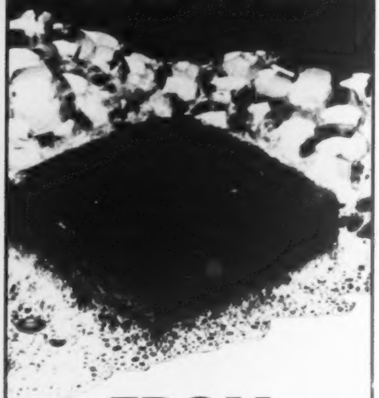
TOUGH
SCOUR
NYLON
SOAP PAD



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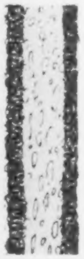

Two nylon scrubbing surfaces surround a soft, absorbent sponge center designed to distribute long lasting, grease-cutting liquid detergent. Sturdy construction makes one **Tough Scour** last as long as five steel wool pads – it's the ideal scrubber for steel wool soap pad users!

The **Tough Scour** nylon soap pad is now available through your local Sysco Food Service Supplier.

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For information circle number 194

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MARKET SEGMENT REPORT

ITALIAN

Competition is intensifying as more new players seek to satisfy America's rising demand for Italian food.

Garland, TX-based Spaghetti Warehouse features a menu of scratch-made Italian favorites. The check average is $7.89 at dinner, $5.44 at lunch.

BY JAMES SCARPA

From the masses to the upper classes, Italian food is still the rage. There's a dish of pasta for every taste and budget, from the $5 spaghetti and meatballs dinner to the $40 dish of fresh fettuccine with imported white truffles.

The Italian trend has a lot going for it besides good taste. For some time now, health enthusiasts have been touting the benefits of pasta, olive oil, seafood, green vegetables, and garlic. What's more, Italy has a growing international reputation for style and innovation in fashion, automobiles, design, art, and cinema that casts an appealing halo over its culture and food. And few other types of food can satisfy a family so healthfully and so reasonably.

Competition in the Italian market segment is intensifying as more new players seek to satisfy America's rising demand for Italian food.

There has been an increase of nearly 1,000 Italian restaurants in the U.S. since 1986, according to the RECOUNT report of the Evanston, IL-based Restaurant Consulting Group Inc. In 1988, the Italian restaurant tally increased to 5,732 units, up from 5,142 in 1987, according to RECOUNT. Of the 1988 total, 4,292 restaurants, or 75%, were independent.

In much of the nation, small independent operators and two- and three-unit

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groups dominate the Italian market. For the most part, they remain bastions of traditional Italian-American cooking. Checkered tablecloths and candle-studded Chianti bottles are fading cliches, but menu changes still occur slowly. Items such as garlic bread, baked lasagne, and veal parmigiana are still king.

But on the trendy urban dining scene, sleek upscale trattorias featuring regional Italian menus, European decor, and average checks of $25 and more are springing up in single units and small but growth-minded groups.

Promising prospects in the Italian market segment have inspired a number of Italian restaurant chains. The most successful to date are General Mills' Olive Garden dinner house in the midscale, full-service category, and Sbarro Inc. in the quick-service arena.

"Look at Olive Garden" is the common refrain in the Italian market segment. Virtually every industry member queried by *Restaurant Business* for this report commented about that chain's great growth. The 120-unit, Orlando, FL-based chain has been steaming ahead with 50 new units per year, on track to meet its goal of 175 units by 1990. Its average unit volume now exceeds $2.6 million. Last year, Olive Gardens debuted in San Antonio, TX, Memphis and Knoxville, TN, Tulsa, OK, Chicago, Kansas City, and Reno, NV, increasing the company's reach to 37 markets in 14 states.

The next frontier for Olive Garden is the Northeast. As it debuts in suburban Philadelphia early this year, industry observers will be carefully watching its performance against the region's entrenched independents.

But Olive Garden seems uncowed by the competition. The company claims that its consumer research predicts as favorable a reception in the Northeast as it has received elsewhere.

QUICK-SERVICE. The country's only national chain of Italian restaurants is a quick-service player—Commack, NY-based Sbarro Inc. The 300-unit Sbarro system operates in 41 states, Puerto Rico, and Canada. Its successful formula consists of fast and affordable Italian dishes such as pizza, calzones, baked ziti, lasagne, and sandwiches, served from stores more upscale than typical fast-food establishments, featuring brass, marble, mirrors, and food murals.

This will be a challenging year for Sbarro, says director of marketing Erwin Protter. It plans to delve for the first time into strip mall and freestanding locations, in addition to its customary shopping mall spaces. Entering these new venues will not only expand the universe of locations, Protter says; it will allow Sbarro to test take-out, drive-thru, and take-and-bake pizza—popular concepts that do not work in mall locations.

The search for new sites has already led Sbarro to open downtown stores in cities such as New York, Chicago, and Boston. Franchisee Marriott Corp. opened five turnpike stores last year, and has agreed to open at least 20 more. Another franchisee, Concession Air Corp., opened a Sbarro at the Palm Beach, FL, airport last year, and plans to do the same at Newark and Boston airports in 1989. The company will continue its vigorous expansion pace of 60 to 70 new units per year.

There has been an increase of nearly 1,000 Italian units since 1986.

Mama Mia! Pasta

The three Mama Mia Pasta restaurants in downtown Chicago feature homestyle Italian dishes, quick service, and decor scaled above typical fast food.

Segment competitors will also be monitoring the changes this year at Louisville, KY-based Grisanti's Casual Italian Restaurants. The promising 32-unit full-service chain, a subsidiary of Imasco USA, is up for sale. Imasco wants to focus all its attention on its major property, the 3,000-unit Hardee's burger chain. Some observers expected Imasco's sponsorship to lead to faster growth, but the chain has expanded conservatively, carefully weighing site selection and staffing.

Grisanti's founder and CEO Michael Grisanti, who sold the chain to Imasco in 1984, is "exploring the possibilities of buying back the company." No more details were available at press time.

The Grisanti division has units in 14 states from New York to Washington State. It includes 17 Grisanti's restau-

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Italian food is perceived to be inexpensive, healthy, and very tasty.

Jerrico's concept Florenz serves relatively sophisticated fare, such as the pictured chicken *capperi* in a white wine and caper sauce.

rants, 12 Casa Lupita Mexican restaurants that are gradually being converted to Grisanti's, two individual Italian concepts, Casa Grisanti and Mama Grisanti's, and an American concept, Sixth Avenue.

Grisanti's menu includes familiar Italian items such as the ubiquitous spaghetti and meatballs ($6.50), lasagne ($7.35), ravioli ($7.95), minestrone ($2.50), and garlic bread. There are also New York-style cheesecake and "Margherita" cocktails, an Italianate name for the Mexican drink.

For those with more adventurous tastebuds, Grisanti's offers a version of the classic veal sauté *saltimbocca* made with chicken ($8.75), veal *Portofoglia*, a fried roll of veal stuffed with chicken, spinach, mushrooms, prosciutto, and mozzarella cheese in a Madeira sauce ($11.95), and fried calamari with marinara sauce ($3.50).

The St. Louis-based Pasta House Company, the largest independently owned Italian restaurant chain in the country with 22 units, reports success in the competitive metropolitan St. Louis Italian market. It projects a 15% increase in business by the end of fiscal 1989, according to co-owner Kim Tucci.

Tight competition compels the 22-unit chain to do vigorous local marketing. As Tucci puts it, "I can't wait for people to come to me—not with Olive Garden and all the independents in this market."

One successful promotion is Pasta House's Good Business Neighbor Club, which offers local business owners and employees a 20% discount on lunches. It has bolstered lunch and take-out business, says Tucci.

Another successful promotion is Pasta House's second annual Reading, wRiting, and Ravioli program. The company awards certificates for a free child's portion of St. Louis-style toasted ravioli to children who read books and submit book reports to their teachers. During the program's first run in the 1987-88 school year, the company awarded 51,000 certificates. With 27,000 certificates awarded this past September and October alone, the program seems certain to smash the last school year's total, predicts Tucci.

Ultimately, Pasta House is angling for a corporate buyout. "We're still looking for that home run," says Tucci. A few years ago, a promising deal with Pillsbury fell through.

The Pasta House menu reflects the relative sophistication of St. Louis' Italian market. It lists dishes that are often found in restaurants with aver-

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The Pasta House menu reflects the relative sophistication of St. Louis' Italian market. It lists dishes that are found in restaurants with higher average checks.

About 75% of the 5,732 Italian U.S. units are independently owned.

Featuring an exotic atmosphere, Tutto Bene is just one of the upscale Italian restaurants operated by San Francisco-based Spectrum Foods.

age checks considerably higher than Pasta House's $7. Included are *rigatoni alla carbonara* ($6.75), pasta *con asparagi* ($6.75), and linguine with chicken livers ($6.75). Of course, there are spaghetti and meatballs ($6.50), pizza ($5.95 to $11.95), and meatball sandwiches ($5.25).

IMAGE CHANGE. Florenz full-service Italian restaurants receive high marks for food quality and as special-occasion destinations. But a stuffy atmosphere discourages casual usage and repeat patronage. That is the report from focus groups and consultants that the Lexington, KY-based chain commissioned to evaluate its concept.

Now making a different statement with its decor, Florenz hopes to get back on track as a growth vehicle for Jerrico Inc., parent of Long John Silver's Seafood Shoppes.

The six-unit chain has replaced its original subdued, upscale look with a more festive casual feel in new units in Charlotte, NC, and suburban Atlanta. Florenz has added jolts of color with red and white striped awnings and umbrellas that will also reduce the "dining hall look" of its original 10,000-sq.-ft. buildings. Other touches include plants, candles on tables, and dark oak furniture instead of white wood. New, more casual employee uniforms sport open collars and red, white, and green suspenders. In the future, Florenz will seek downsized buildings of about 8,000 sq. ft. Thus far, it has converted rather than built units.

But it's clear that Jerrico's priority is Long John Silver's. "I'll be pleased if we open three to six new Florenz in the coming fiscal year," says vice president Samuel Nelson. A suburban Chicago unit was slated to open this year.

Food quality has always been Florenz's strong suit, says Nelson. It menus the Italian standbys, but also shows some flair with dishes such as flounder *imperiale* broiled with a splash of anise-flavored liqueur ($7.95), chicken *capperi* in a white wine and caper sauce ($6.95), and *osso buco,* or braised veal shank, with green peppercorns ($9.50).

The good times are rolling for Garland, TX-based Spaghetti Warehouse. It notched an increase in total sales of nearly 20% and in total traffic of nearly 15%, halfway through fiscal 1989. Same-store sales and same-store traffic counts rose 6% and almost 3%, respectively. The 12-unit chain features full-service dining rooms chock full of antiques and curios, and a menu of scratch-made Italian favorites. The check average is $7.89 at dinner, $5.44 at lunch.

Last year saw the chain expand into suburban Atlanta and Buffalo, NY, with successful units. Next on the agenda is unit number 13, a 14,000-sq.-ft., 350-seat restaurant in Pittsburgh slated to open early this year. Spaghetti Warehouse is confident that it will meet with the same high customer acceptance it has in Buffalo, despite the competition of strong local independent operators.

"We are going to be very competitive in Pittsburgh," says vice president of marketing and advertising Robert L. Gilka. "There's nothing there like us. Our portions and prices will be very well received."

One of last year's marketing bright spots was the Octoberfeast promotion, during which the company sold 35% more Italian Feast combination platters than it had the previous month.

Standing between Spaghetti Warehouse and a successful fiscal year is last year's nemesis—wintertime sales falloffs. To avoid the doldrums this year, the chain is gearing up its promotions. It rang in the New Year with an $18.95 Champagne Dinner For Two deal on New Year's weekend, which featured a choice of either The Incredible 15-Layer Baked Lasagne or chicken parmigiana, along with a glass of bubbly. In March, it will promote its

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For more information on Wisconsin Milk circle number 266 →

lunchtime sandwiches and salads.

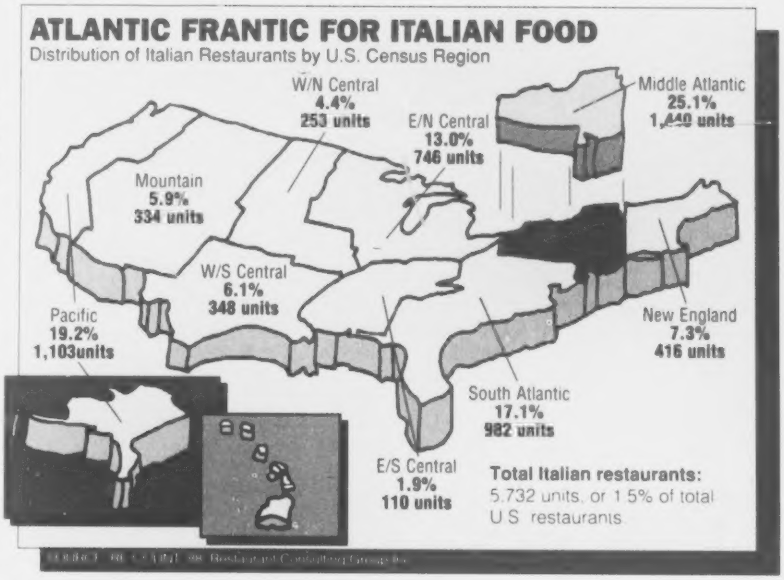
The 23-unit Portland, OR-based Old Spaghetti Factory (OSF) chain will celebrate its 20th anniversary this year with a projected record sales figure of more than $40 million. The high-volume, moderately priced chain reports comparable store sales running about 5% to 6% ahead of last year.

The additional volume will come in handy to help offset the additional costs of governmental intervention—the minimum wage increase in California and the continuing negative effect of the FICA tax on tips—reports founder and president Gus Dussin.

Dussin considers OSF's niche extremely marketable. The units feature good food, a fun atmosphere, and affordable prices. Pasta with meat sauce is priced at $4.45 and includes salad, bread, and spumoni ice cream (the only dessert sold). Other leading entrees are lasagne, fettuccine Alfredo, and spinach tortellini.

"When you get through paying for the appetizer and dessert at a place like the Olive Garden, Florenz, or Grisanti's, you have a $12 to $14 check," notes Dussin. "But at the Old Spaghetti Factory, the check is about $5, and we're just as upscale-looking and our food quality is as good or better."

Buoyed by the success of its two Santini's Italian Cafe units, Indianapolis-based Consolidated Specialty Restaurants (CSR) is seeking expansion sites in Indiana and Illinois.


ATLANTIC FRANTIC FOR ITALIAN FOOD
Distribution of Italian Restaurants by U.S. Census Region
W/N Central 4.4% 253 units
E/N Central 13.0% 746 units
Middle Atlantic 25.1% 1,440 units
Mountain 5.9% 334 units
W/S Central 6.1% 348 units
Pacific 19.2% 1,103units
New England 7.3% 416 units
South Atlantic 17.1% 982 units
E/S Central 1.9% 110 units

Total Italian restaurants: 5,732 units, or 1.5% of total U.S. restaurants

SOURCE: [illegible] '88 Restaurant Consulting Group Inc.

CSR is the operator of a diverse group of 15 full-service theme restaurants in Indiana and Illinois, and a subsidiary of Consolidated Products Inc., parent of the 108-unit Steak 'n Shake regional burger chain in the Midwest and Southeast.

Two years ago, CSR opened its first Santini's unit in south suburban Chicago. Last December, it opened a second unit in Decatur, IL, converting one of its Snaks Park Avenue restaurants into an expanded 200-seat Santini's.

Santini's leading items are lasagne, fettuccine Alfredo, spaghetti, and chicken, veal, and seafood entrees. They are served in a bright, airy atmosphere reminiscent of a sidewalk cafe, complete with umbrella-shaded tables, plants, and Italian posters. Signatures are hot, soft breadsticks and hearty minestrone soup. Stores include a retail center that holds demonstrations of pasta preparation and sells take-out pasta, sauces, and breadsticks.

Revenues and sales have trended positively for Edina, MN-based Ciatti's Inc., a regional five-unit chain of Italian restaurants. It operates three units in the Twin Cities and one each in Milwaukee and Madison, WI.

CONTROLLED GROWTH. Ciatti's favors a "very controlled growth," according to vice president of administration Barney Uhlig. It anticipates its

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Amid its "faux ruins" look, Crillon Management's Dallas Sfuzzi dishes up specialties such as fresh Dallas mozzarella with tomatoes and pesto.

sixth unit early in 1989 in Eden Prairie, MN, and projects its seventh by mid-year in Burnsville, MN.

In menu philosophy, Uhlig says he does not strive to be an "authenticity hound." He calls the menu "a good compromise" between authentic Italian cooking and Americanized Italian fare. It includes deep-fried calamari ($4.95); cream of broccoli soup ($1.85); spaghetti with meat sauce ($6.25); and tortellini "straw and hay," spinach and egg pastas sautéed with mushrooms, ham, peas, and parmesan cream sauce ($8.95).

The seed of a national full-service Italian chain may be under cultivation in a renovated dance hall in Leon Springs, TX. A unique concept called Romano's Macaroni Grill has opened there to good patronage. It is the brainchild of restaurant entrepreneur Phillip Romano, creator of more than a dozen concepts, most notably Fuddruckers, the gourmet hamburger restaurant.

The restaurant conceptualizes Romano's reminiscence of Italian-American home eating. "We always ate in the kitchen at home," Romano recalls. "Grandfather would spread out a white tablecloth and put a gallon jug of homemade wine on the table, and you helped yourself. There was always lots of family around."

Indeed, the kitchen is the restaurant. Customers walk past white-toqued cooks at work and open cases of wine and vegetables on display as they enter the 170-seat restaurant. "They see the activity, hear the noise, smell the food," says Romano. And each table is set with a white tablecloth, a gallon jug of wine, and a set of tumblers. Customers pour their own wine and pay $2 a glass on the honor system.

Romano is serious about introducing Texans to new tastes. For example, there are dishes such as *zuppa di cozze al zafferano*, steamed mussels with saffron ($4.95), and thin-crust single-serving pizzas ($6 to $6.95), with such toppings as smoked mozzarella, sun-dried tomatoes, barbecue chicken, and pesto. Pastas include angel hair with pink peppercorn sauce and oysters ($8.50) and ziti with gorgonzola cheese ($7.50), plus ravioli, manicotti, and pastas with meat sauce. The average tab is about $15, including wine.

True to his entrepreneurial nature, Romano says he has no interest in developing an organization to grow the concept. "But if the right people came along, with the right capabilities, I would talk," he says.

EARLY PIONEER. Today's new and trendy Italian restaurants owe much to the early pioneers that helped set the trend in motion a few years ago.

One example is the Levy Restaurants' Spiaggia, which debuted in Chicago five years ago. The upscale fine-dining restaurant has a check average of $45 at dinner, $20 at lunch.

Over the years, Spiaggia's customers have become more knowledgeable and willing to pay top dollar for the very best, says executive chef Anthony Mantuano.

For instance, people today increasingly eat the Italian way—beginning with antipasti, moving to a first course of pasta or risotto, then ordering a meat or fish second course. Risotto enjoys wider popularity than it did five years ago—meals do not inevitably include pasta anymore. In addition, customers don't even blink at a $38 price tag for pasta with imported white truffles, Mantuano reports.

Italian cooking today makes better use of seasonal ingredients such as white truffles and pumpkin for ravioli filling in the fall, tomatoes and eggplant from small Illinois farms in summer, Mantuano says.

Like many high-ticket restaurants, Spiaggia several years ago opened an informal, downscaled dining room to target a wider and higher-frequency customer base. Cafe Spiaggia features antipasti, pastas, pizza from the wood-burning oven, and light meat and seafood entrees, with a $15 average tab.

But there is more than price/value behind the downscaling trend, in Mantuano's opinion. "It's hard to do up-

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Pictured is a sausage roll served by Sbarro Inc. This quick-service concept is the only national chain of Italian restaurants.

Olive Garden and Sbarro are the most successful segment chains.

> **Old Spaghetti Factory projects record sales of over $40 million.**

Old Spaghetti Factory's 23 units are typically large spaces with a fun atmosphere, and feature good food at affordable prices.

scale Italian restaurants in the U.S.," he says. "Critics think that if a food is expensive, it should be 'Frenchified' in presentation or recipe. Otherwise, they have a hard time justifying high prices." He points out that Italian presentations and cooking methods are generally simple, but the ingredients are expensive. For instance, the West Coast spiny lobsters used at Spiaggia cost $9 each wholesale.

Frequent dining trips to Italy allow Mantuano to update his menus with new ingredients and recipes. Cafe Spiaggia's latest menu includes new dishes such as *arista*, a Tuscan pork roast flavored with sage and rosemary ($10.95), and *tacconi alla luchese*, pasta sheets with tomato, basil, garlic, and olive oil ($8.95). New pizzas from the wood-burning oven include *mezzaluna*, a half-moon-shaped pizza with mozzarella, oregano, garlic, and prosciutto, and a spicy calamari pizza (each $8.95).

CUSTOMER SOPHISTICATION. Dee DeCarlo and David Houle, former Chicago ad people turned Italian restaurant operators, are two others who can vouch for significant strides in customer sophistication over the decade. They view the trends from both quick-service and full-service vantage points.

In 1981, they opened the first of three Mama Mia Pasta restaurants in downtown Chicago, featuring home-style Italian dishes, quick service, and decor scaled above typical fast food. The average check today is about $7 for dinner, $5.50 for lunch.

Mama Mia's signature is fresh semolina pasta in regular, spinach, tomato-basil, and whole wheat flavors and a variety of shapes: rigatoni, fettuccine, rotini, shells, linguini, and more. Customers have a choice of five sauces—marinara, meat, zucchini-tomato, white clam, and Alfredo.

"In 1981, customers wanted to know what all the shapes and colors of pasta were," recalls DeCarlo. "The only soup that they would buy was minestrone. The overwhelming majority of our orders were for regular pasta with meat sauce. Pesto, clam sauce, Alfredo sauce—these all blew people's minds.

"Today, customers know all the buzzwords, and they're a lot more adventurous," DeCarlo says. Projected sales for the three-unit group exceed $2.5 million.

Betting on the continuing popularity of Italian cuisine, DeCarlo and Houle opened Bella Luna last fall in Chicago, a 175-seat upscale trattoria with an average check of about $15 at dinner, $6 at lunch.

Bella Luna's leading dishes include seven-inch thin-crust pizzas ($6.75 to $11.95), pumpkin risotto ($8.95), prosciutto with four-melon salad and chive-mascarpone dressing ($4.25), polenta with sun-dried tomatoes and caciocavallo cheese ($4.50), and ziti with four cheeses ($6.95). A signature item is the daily Bella Luna Pasta Bowl For Two. At lunch, there are sandwiches such as the Bella Burger ($5.95), which sports red-wine-sautéed onions and mushrooms, and the Italian BLT ($4.95), which features pancetta, radicchio leaves, and pesto mayonnaise.

STYLISH. Don't look for spaghetti and meatballs at the upscale Italian restaurants of San Francisco-based Spectrum Foods, located in San Francisco, Los Angeles, and Orange County, CA. Its key Italian concepts include Prego, Tutto Bene, and Harry's Bar and American Grill.

In these restaurants, a stylish crowd feasts on authentic and innovative dishes such as mozzarella *alla caprese*, buffalo mozzarella served with tomato, herbs, and extra virgin olive oil ($6.95); pizza *puttanesca*, a single-serving pie topped with black olives, capers, mozzarella, artichokes, and tomato sauce ($8.50); and *agnolotti d'aragosta*, half-moon pasta with lobster filling ($11.25). A complete dinner for

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two averages a little less than $50.

The independently managed division of Anwar Soliman's American Restaurant Group is hardly a cookie-cutter chain. In its portfolio it includes 10 Italian concepts, all with unique facets of food and design.

For example, the three Prego restaurants share only about 70% of the menu items, says president Charles A. Frank. Company-wide signatures are *carpaccio*, or thinly sliced raw beef with olive oil and garnishes; fettuccine "200 ways," and *tiramisu*, an extravagant dessert of ladyfingers steeped in espresso and marsala, topped with cocoa and mascarpone cheese. But Spectrum's chefs, many of them Italian-born, have the discretion to plan their own menus and use their own recipes.

Dallas-based Crillon Management, another purveyor of bright and innovative Italian restaurants, is expanding its popular Sfuzzi concept to Washington, DC, and Atlanta this year. Its three existing Sfuzzis in Dallas, Houston, and New York City (opened summer 1988) are ranging in volume from $2.5 million to $4 million and have average checks of $20.

Amid its "faux ruins" look—purposely distressed plaster and crumbling Roman columns—the Dallas Sfuzzi dishes up specialties such as fresh Dallas mozzarella with tomatoes and pesto ($5.25), linguine with grilled duck and mushroom ragout ($9), and grilled beef tenderloin with Chianti-black pepper sauce ($16.25).

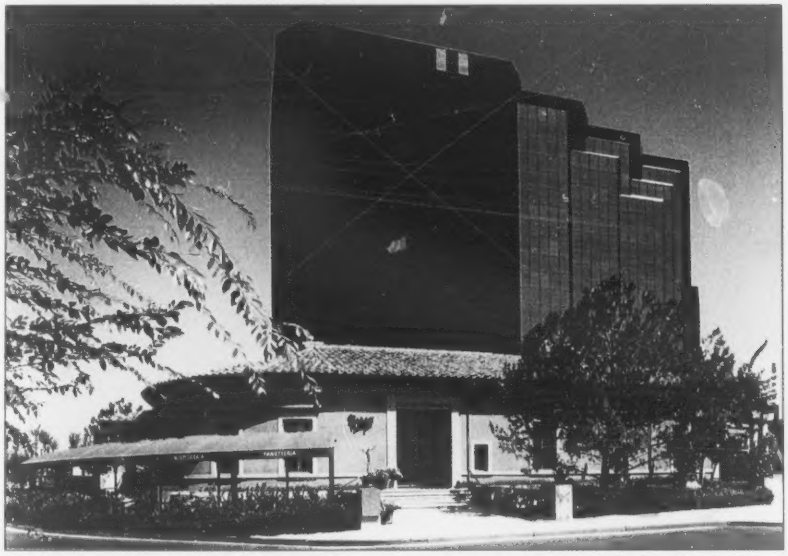
Last fall, Chicago restaurant mogul Richard Melman opened Tucci Bennuch in the glitzy 900 North Michigan Avenue shopping complex. It is his third Italian effort, adding to Lettuce Entertain You Enterprises's (LEYE's) popular "Italian Renaissance trattoria" Scoozi and the white-tablecloth destination restaurant Avanzare.

Tucci Bennuch is cast as a comfortable, informal Italian house, a shopper's oasis in the bustling 80-store complex. The 150-seat restaurant is divided into separate dining areas representing the rooms of a dwelling. There is a parlor, bedroom, umbrella-shaded patio, and even a gardener's "mud room." A clothesline of wash and family photographs add to the lived-in look. There is seating for two dozen inside the working kitchen, which mimics the typical Italian home kitchen decor.

Tucci Bennuch's compact 30-item menu concentrates on light pizzas and pastas, plus a few roasted meat and seafood items. Nothing is priced at more than $9.95.

PLAYFUL. In LEYE's typical fun-loving fashion, the menu sports a surprise—*penne con salsiccia e polpettini*—a retro-chic dish of macaroni, sausage, and meatballs ($6.95). Melman has been contrary before—he suspended a giant red plastic tomato above Scoozi's door at the height of Northern Italian chic a few years ago, when food snobs were dismissing the tomato sign as an anachronism of mom-and-pop "red sauce houses."

Segment growth is fueled by pasta's growing popularity.


San Francisco-based Spectrum Foods considers Prego to be one of its key concepts. This new unit is located in Irvine, CA.

Restaurant entrepreneur Paul Stonich is best known for his successful Annabelle's Fish Market restaurants in downtown Chicago and suburban Arlington Heights. But last year, he jumped into the Italian fray by opening Ristorante Fortunato next door to the suburban Annabelle's.

Why would a seafood operator plunge into Italian? "Mainly to diversify," says Stonich. "Seafood is very competitive and prices are constantly rising. Italian has relatively low food cost and broad appeal. It's relatively easy to prepare, and I like it."

The 150-seat restaurant offers antipasti such as *bruschetta pasquale*, grilled Italian bread topped with garlic, tomatoes, basil, and olive oil ($2.25); *ribollita toscana*, a Tuscan minestrone soup with croutons and parmesan cheese ($2.25); and *spaghettini Genovese*, thin spaghetti with basil leaves, garlic, olive oil, romano cheese, and pine nuts ($3.50). Foot-long breadsticks are a signature item. The average check is $20.

The Italian trend has peaked in Chi-

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cago, although it is not over. That's the opinion of Dennis Terczak, veteran Italian restaurant chef and co-owner of Sole Mio, which continues as one of Chicago's hottest Italian concepts.

He and chef-partner Jennifer Newbury considered opening a second Italian concept last fall, but opted instead for a stylish French bistro, Chez Jenny.

"My gut feeling was to do a more upscale Italian restaurant, until I looked at the market," says Terczak. "But there's lots of Italian places on the street today." Also influencing the decision to do a bistro was a trip to Paris, during which he noticed that two- and three-star restaurants were opening bistros to attract a wider public.

Literally since opening last spring, the 92-seat restaurant has had nightly lines of up to 90 minutes for tables. Terczak considers the $25 average check an attractive price point for city dwellers. "The whole world eats out seven nights a week," he says. "We serve people who probably budget $1,000 a month on dining out."

General Mills' Olive Garden is a midscale, full-service concept. The chain boasts 120 dinner houses and is adding 50 new units per year.

Menu changes occur slowly; traditional dishes are still favorites.

Sole Mio is a dinner-only restaurant. Serving lunch would interfere with dinner prep, says Terczak. He takes pride in a menu that is virtually all scratch-made. The restaurant ripens fresh tomatoes by the case for sauces. It also makes fresh pasta, mozzarella, and desserts such as gelato, granité, cookies, and tiramisu.

Italian food is going strong in central Pennsylvania, too. Camp Hill, PA-based Rillo's Restaurants is a family-owned independent restaurant company that operates two successful white-tablecloth restaurants, Casa Rillo in Camp Hill and Rillo's in Carlisle. Both are popular with state government officials from nearby Harrisburg and with area residents.

"Italian food lends itself to great variety," says co-owner Nick Rillo. "It has lots of flavor, yet it can be delicate too." He considers it a medium for the independent operator's natural freedom and flexibility in menu making.

Rillo's six to 10 daily specials have included occasional Italian-Oriental sautés flavored with a touch of ginger, inspired by an Asian cook on staff. Seafood Mediterranean-style with ingredients such as olive oil and feta cheese is a continual favorite. Meat items such as veal chops, loin of lamb, and buffalo enjoy high popularity as well.

FAMILY-ORIENTED. Last year was the silver anniversary in business for Italian-born Michael and Ernestine Del Monaco, operators of San Jose, CA-based Florentine Restaurants and Pasta Markets. The eight-unit chain of family-oriented Italian restaurants and retail outlets is known in the Bay Area and Sacramento for fresh pasta and a diverse, moderately priced Italian menu.

Florentine offers a mix of familiar items and dishes that seem over the head of a family-oriented eatery with a $12 average check. As Michael Del Monaco explains, "I try to give people foods that they ordinarily would have to go to an expensive restaurant for, such as carpaccio, tiramisu with imported mascarpone cheese, and roasted peppers with goat cheese."

Mainstream items include pepperoni pizza ($13.50), veal parmigiana ($10.95), manicotti ($7.25), meatballs ($4.50), and garlic bread ($1.50).

Florentine's signature item is a basket of pan-baked breadsticks with cheese spread ($1.75). Michael Del Monaco has high hopes that his new menu rollout—gourmet ravioli—will achieve similar status. The secret is a thinner, more delicate dough, which is made in Florentine's new commissary with specially designed Italian equipment. The fillings include ground veal and spinach, cheese and garlic, assorted seafood, and even a spicy Cajun mixture. "They will change the way people think about ravioli forever," he says.

Its dynamic expansion and menu sophistication notwithstanding, the segment still has far to go to reach its full potential. The next few years promise even more excitement as it continues on its long winning roll.

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Restaurant Business

A BILL PUBLICATION

MARCH 20, 1989

FRANCHISE HERO

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WIN A TRIP FOR TWO

SWEEPSTAKES!

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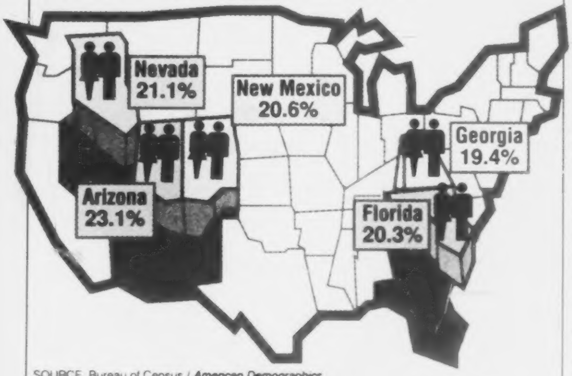
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

STATES' GROWTH

Projected percent population growth from 1990 to 2000



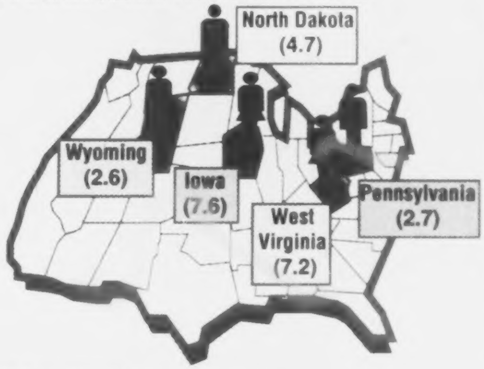
SOURCE: Bureau of Census / *American Demographics*

Which States Will Grow The Fastest...

According to the Census Bureau's just-released figures, the population of the United States will increase by five million between now and the end of the century. California will remain the most populous state, with more than 37 million residents. New York, which is now the second largest, and Texas, now third, will trade positions. Between 2000 and 2010, however, no state's population is expected to grow by more than 20%. Hawaii's growth during that period is expected to overtake that of next decade's leader Arizona during that decade by a 1% margin—16% to 15%.

STATES' SHRINKAGE

Projected percent population decrease from 1990 to 2000



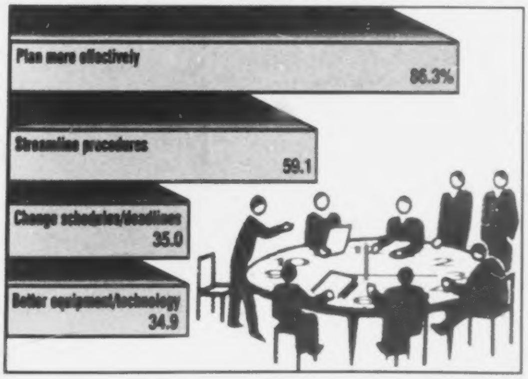
SOURCE: Bureau of Census / *American Demographics*

...And Which Will Shrink The Fastest?

The Census Bureau projects that Iowa will lose 21,000 people per year between 1990 and 2000. The state is also expected to maintain the nation's highest rate of decrease into the decade that follows—approximately 7% by 2010 (a cartoon in the *Des Moines Register* asked, "Will the last one to leave please turn off the lights?"). Wyoming will remain the country's least populous state through 2010, although it is not among the 10 states showing the fastest decrease. Pennsylvania is expected to lose an average of 35,000 residents per year between 1990 and 2010.

CONTROLLING OVERTIME

Percent of managers who feel these techniques are effective, 1989



How Do You Control Overtime Costs?

According to a recent survey of 322 managers conducted by the Houston-based American Productivity & Quality Center, "At least some of the overtime reported by respondents is, indeed, covering poor management." The managers polled overwhelmingly chose more effective planning as their preferred strategy for controlling the worsening overtime cost problem. Just under 26% said the solution was to hire more permanent staff. With foodservice labor costs skyrocketing, operators are well advised to consider any or all of these options.

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Cover photograph of Fred DeLuca by Don Kushnick.

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RB INSIDER

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UPCOMING CONFERENCE

Participants from all segments of the foodservice and meat industries will gather at the first **CENTER-OF-PLATE** *Foodservice Marketing Conference. The Conference, scheduled for April 3 to 5 at the Hyatt Regency in Chicago, is cosponsored by* Restaurant Business *and the American Meat Institute. RB's sister publications,* Institutional Distribution *and* Food-Service Director, *will also participate. For information, contact Editor Peter Berlinski,* Restaurant Business, *633 Third Avenue, New York, NY 10017.*

REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1988 MAJOR FORCES IN FRANCHISING.** *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*

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COVER STORY

POLITICAL UPDATE

What does the new administration have in store for the restaurant industry over the next four years? Certainly, minimum wage and parental leave and health benefit issues will continue to be front-line concerns, but momentum is also beginning to build in the areas of waste disposal, food safety, and the General Accounting Office's so-called "sweatshop report." This article examines the issues, at both the national and statewide levels.

MARKET SEGMENT REPORT

ICE CREAM & YOGURT

Americans' love affair with frozen treats seems to be insatiable, if the recent growth in this category is any indication. Superpremium and "adult" flavors, frozen novelties, and "lite" alternatives, including frozen yogurt, are all important trends, while many chains are branching out with more savory menu items like sandwiches and salads.

MENU IDEAS

BREAKFAST & BRUNCH

The morning daypart continues to hold promise for operators. In the *RB* Test Kitchen, we developed a number of recipes for breakfast and brunch, from convenient hand-held fast-food items to elegant entrees.

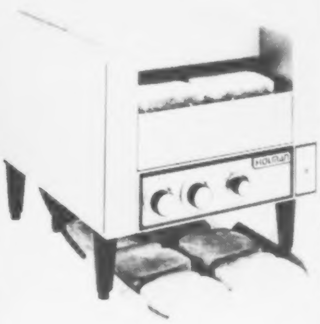
DRAFTS, CARAFES & SPIRITS

DESSERT WINES, LIQUEURS & BRANDIES

Smart marketers are realizing the add-on potential of after-dinner libations, which help build an upscale image and profits.

HOLMAN

CONVEYOR TOASTERS



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FRANCHISING IN FOODSERVICE

Over the past two decades, franchising has emerged as a powerful force behind the industry's sustained growth. And, as the foodservice industry enters the 1990s, there is every indication that franchising will continue to succeed, as would-be operators seek ways to reduce risk and increase their chances of prosperity. As the industry consolidates and matures, becoming increasingly more competitive as the market reaches saturation, franchising offers operators a "package deal," with all the systems and resources of a major company behind the concept.

Already, franchising accounts for $63 billion of the $137 billion eating-place market. The Top 50 franchise chains alone generate some $60 billion in annual sales (see page 144). In 1989, according to our estimates, sales by franchised restaurant chains are expected to top the $70 billion mark. And they will keep on growing, picking up momentum into the next decade as they move beyond the nation's boundaries to bring American foodservice concepts to countries around the world.

In the past, *Restaurant Busi-*

RESTAURANT FRANCHISING, 1987-1989
SALES ($000)

MAJOR ACTIVITY	1987			1988*		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
Chicken	$4,821,580	$1,850,141	$2,971,439	$5,344,553	$2,046,256	$3,298,297
Hamburgers, Franks, Roast Beef, etc.	27,257,232	6,662,933	20,594,299	30,385,756	7,402,519	22,983,238
Pizza	8,126,293	3,171,192	4,955,101	9,086,583	3,551,735	5,534,848
Mexican	3,078,981	1,682,443	1,396,538	3,317,041	1,776,660	1,540,381
Seafood	1,479,704	875,194	604,510	1,666,020	988,969	677,051
Pancakes, Waffles	1,308,610	429,865	878,745	1,435,363	459,956	975,407
Steak, Full Menu	9,811,267	5,259,970	4,551,297	10,724,014	5,717,587	5,006,427
Sandwich and Other	956,327	95,162	861,165	1,185,565	116,859	1,068,706
TOTAL	$56,839,994	$20,026,900	$36,813,094	$63,144,895	$22,060,540	$41,084,355

Estimated by respondents

RESTAURANT FRANCHISING, 1987-1989
NUMBER OF UNITS

MAJOR ACTIVITY	1987			1988*		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
Chicken	9,391	3,218	6,173	9,688	3,298	6,389
Hamburgers, Franks, Roast Beef, etc.	33,031	7,047	25,984	34,647	7,364	27,283
Pizza	17,739	5,769	11,970	19,761	6,438	13,323
Mexican	4,733	2,110	2,623	5,090	2,205	2,885
Seafood	2,684	1,552	1,132	2,917	1,681	1,236
Pancakes, Waffles	1,921	625	1,296	2,056	650	1,406
Steak, Full Menu	10,044	4,789	5,255	10,716	5,067	5,649
Sandwich and Other	3,788	288	3,500	4,504	339	4,165
TOTAL	83,331	25,398	57,933	89,379	27,042	62,337

Estimated by respondents

ness has prepared its annual franchising report with the cooperation of the U.S. Department of Commerce. Commerce's report, entitled "Restaurant Franchising in the Economy," ceased to be published in 1988, so this year, our proprietary statistical analysis of franchising in foodservice was prepared in conjunction with the consulting firm Technomic Inc., Chicago.

1989*		
Total	Company-Owned	Franchisee-Owned
$5,911,992	$2,250,882	$3,661,110
33,880,118	8,253,808	25,626,310
10,224,478	3,942,426	6,282,052
3,672,465	1,901,026	1,771,439
1,841,066	1,075,999	765,068
1,552,769	494,452	1,058,317
11,953,861	6,146,406	5,807,455
1,387,461	137,076	1,250,386
$70,424,210	$24,202,074	$46,222,136

1989*		
Company-Total	Franchisee-Owned	Owned
9,994	3,381	6,613
36,206	7,696	28,511
22,003	7,082	14,921
5,547	2,315	3,232
3,083	1,748	1,335
2,167	676	1,491
11,489	5,219	6,271
5,044	380	4,665
95,533	28,496	67,037

MAJOR forces IN FRANCHISING

CO-OPS

In the world of restaurant franchising, advertising and purchasing co-ops operate according to a simple principle: The whole is greater than the sum of the parts.

The cost-effectiveness of pooling dollars is a persuasive argument for co-ops. The economies of scale fostered in a co-op system allow franchisees as a group to buy more media time or purchase products at better prices than they would be able to do individually.

"Our 40 stores in New York could never afford to use TV or radio as individuals," says director of marketing Paul Hall of North Hollywood, CA-based International House of Pancakes (IHOP). "They'd be fortunate to afford the local shopper's paper."

Co-ops also maintain a consistent, coordinated advertising voice in a widespread organization. "The customer does not understand the difference in management from unit to unit," points out vice president of franchising Bob Bafundo of Columbus, OH-based Rax.

SPIRIT OF EXCHANGE. Moreover, co-ops that have a true spirit of exchange can foster a synergy of ideas and creativity. For example, McDonald's Big Mac, Filet-O-Fish, and Egg McMuffin are all menu items developed from owner/operator ideas. Over the years, McDonald's has leveraged co-op power to build the world's most successful franchise organization. At its most basic, McDonald's is "a large cluster of small entrepreneurs," as John F. Love wrote in his 1986 book, *McDonald's: Behind The Arches.*

Love hit upon the basis of McDonald's success when he wrote the following about the chain and its late founder, Ray A. Kroc: "What eventually separated McDonald's from the rest of the pack was Kroc's ability to marshal the efforts of hundreds of other entrepreneurs—his McDonald's franchisees—to work not merely for their selfish interests but for McDonald's interests."

McDonald's organizes its franchisees into co-ops based around TV markets. They are required to spend a minimum of 4% of gross sales annually for advertising and promotion.

As the company franchising brochure states, a voluntary national cooperative of franchises called the OPNAD (Operator's National Advertising) Fund, together with the company, purchases national TV advertising. Although the parent company prepares TV spots, print ads, and POS materials for the restaurants, franchisees themselves meet in co-op groups to decide how best to use these materials in their markets.

The Oklahoma City, OK-based Sonic drive-in chain has made great strides in its co-op program since starting it from scratch barely four years ago. The Sonic system includes more than 980 units, predominantly franchised, in 84 ADI markets across 20 southern states.

Sonic ended 1985, its first year of organizing co-ops, with a total of 17 co-op organizations. By early this year, it had grown to 50 co-ops involving 730 stores, ranging in size from a handful of units to the 70-plus-unit Dallas co-op. In 1986, Sonic spent $320,000 on major media and regional TV. In 1989, it will spend $3.5 million. Corresponding to its brief co-op history, annual sales increases have been 2% to 3% higher than before.

Although membership in a Sonic co-op is voluntary for franchisees, it is "highly advisable," says vice president of marketing Keith Sutterfield. Franchisees chip in 1.5% to 3.5% of their gross sales to the co-op, as decided by a vote. Initially, newly formed co-ops often vote a minimum contribution, but later raise the percentage "once they see how effective it is," says Sutterfield. "One of our chal-

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> **The effectiveness of pooling ad dollars is a strong argument for co-ops.**

lenges is to get all of them up to 3.5%."

There are significant differences in the buying power of individual co-ops. For example, the 17-member Sonic ad co-op in the Joplin-Pittsburg (Kansas) ADI might be able to afford to buy 2,225 GRPs (gross rating points, a measure of media outreach) of media for its members. But the 50-member co-op in Kansas City, in a much more expensive media market, may be able to afford only 1,000 GRPs. Sonic's Tulsa agency prepares creative for the system, working closely with the parent company's suggestions. The company pays for the creative, while the co-ops pay for media time.

SERVICES. Effective co-ops have helped IHOP become one of the industry's leading franchisors over its 30-year history. IHOP organizes its 465-unit system, about 90% of which is franchised, into about 50 co-ops based on Arbitron ADI markets. Franchisees pay approximately 2% of gross sales to the IHOP national ad fund, to which the parent also contributes "a significant amount" of its own dollars, says director of marketing Hall. The ad fund pays for TV, radio, POS, and newspaper ads; market research; and even promotions tied to the Tournament of Roses Parade in Pasadena.

IHOP maintains a network of advertising agencies connected with its co-ops. Major creative work is done by an agency in Santa Ana, CA, that develops four-color as well as TV, radio, and POS ads for national use. Working alongside the national agency are nine regional advertising agencies that buy media in major markets such as Chicago, New York, and Philadelphia, plus a media buying service for smaller markets. The local agencies also suggest promotional tags for TV spots and create newspaper inserts and direct mail pieces, usually about one per quarter.

Quarterly meetings bring together franchisees, agency heads, and IHOP marketing executives. Often, uniting a co-op group to work toward a single goal is a challenge, admits Hall. "We can't force them to do anything. So before we spend a lot of money on a TV commercial, we make sure we've listened carefully to what they want, and to reports from our agencies and operations people in the field."

Ad co-ops are an integral part of the success of Atlanta-based Arby's, one of the industry's fastest growing franchisors, having doubled in size since 1980. Its 2,000-unit system, which is roughly 90% franchised, includes 82 advertising co-ops, which franchisees fund with contributions of 1.2% of their gross sales.

Arby's does no national advertising. Instead, it encourages co-ops to regionalize their advertising messages at the local level, whether it is the 65-store Atlanta ADI or one a fraction of the size. Arby's is responsible for the creative and point of purchase materials, while co-ops buy media time.

Arby's also has ARCOP, an optional purchasing co-op that recommends itself on the basis of cost savings. It is funded by quarterly dues, which allow the franchisees to purchase products at system rates. ARCOP is directed by a board comprised of franchise members and a parent company representative.

More than 85% of Dallas-based USA-Cafes' 600-plus franchised Bonanza steak restaurants are involved in advertising or purchasing co-ops. Of that number, 70% are in ad co-ops that pool monies for TV broadcasting, says senior vice president of marketing Will Clayborn.

For example, the Central South Enterprises co-op brings together more than 30 Nashville, TN-area Bonanza restaurants headed up by Bill Johnson, an area developer (sub-franchisor) of parent USACafes. Funded by a 3% contribution of gross sales by franchisees, the co-op spends $1 million per year in local advertising, and also conducts co-operative training and purchasing for its members.

MANDATORY MEMBERSHIP. Membership in the local media co-op is mandatory for franchisees of Columbus, OH-based Rax, which includes about 370 franchised stores in its 530-unit system. The parent company recommends a total of 4% of gross sales be expended on marketing and advertising. That breaks down into one-half of 1% earmarked for the national advertising fund, 1.5% to 2% to the local media co-op, with the balance spent on local store marketing.

In the ultra-competitive pizza segment, with its coupons, discounts, and two-for-one deals, it's no simple matter for franchise owners to compete with the marketing clout of megachains like

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FOODSERVICE FRANCHISING

ICE CREAM AND YOGURT STORES

	Sales ($000)			Units		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
1987	$1,610,646	$150,668	$1,459,978	9,272	320	8,952
1988*	1,879,785	171,611	1,708,174	10,838	364	10,474
1989*	2,156,605	192,204	1,964,400	12,124	394	11,731

** Estimated by respondents*

DONUT SHOPS

	Sales ($000)			Units		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
1987	$1,315,097	$293,768	$1,021,329	3,702	1,012	2,690
1988*	1,490,892	290,830	1,200,062	3,984	918	3,067
1989*	1,605,660	295,193	1,310,467	4,325	890	3,435

** Estimated by respondents*

Co-ops help to maintain a coordinated advertising voice.

5,800-unit Pizza Hut and 4,700-unit Domino's. Franchisees of Godfather's Pizza, the number-five player in pizza with about 600 stores, all but 180 of which are franchised, have organized an ad co-op in the chain's hometown market of Omaha, NE. Co-op members, which include 17 franchised units and one company store, pool 3% to 4% of their gross sales. In addition to supporting TV spots developed by Godfather's corporate staff, the advertising co-op has successfully used radio, direct mail with coupons, newspaper inserts, and promotions tied to local events such as a Beach Boys concert.

Omaha-area Godfather's franchisees have always helped each other, says Shirlene Hansen, a 13-year veteran single-store franchisee. But the mutual benefits have increased since the relationship was formalized into a co-op four years ago.

What lies ahead for franchise co-ops? "The next few years could see the creation of more purchasing and marketing co-operatives among smaller operators in order to give them greater buying and promotional clout," predicts the Washington, DC-based National Restaurant Association. Spurring on co-op formation will be the continuing trend of mergers and acquisitions among chain restaurants. Industry consolidation magnifies the cost pressures on smaller independents, as larger chains make cheaper purchasing arrangements.—**Jim Scarpa**

FOODSERVICE FRANCHISING

RESTAURANT FRANCHISING GROWTH IN SALES, 1983-1988 (SALES: $000)

Major Activity	Total Sales			Company-owned			Franchisee-owned		
	1983	1988*	% Change	1983	1988*	% Change	1983	1988*	% Change
Chicken	$3,417,658	$5,344,553	56	$1,292,166	$2,046,256	58	$2,125,492	$3,298,297	55
Hamburgers, Franks, Roast Beef, etc.	18,947,837	30,385,756	60	5,294,782	7,402,519	40	13,653,055	22,983,238	68
Pizza	4,649,022	9,086,583	96	1,806,178	3,551,735	97	2,842,844	5,534,848	95
Mexican	1,681,668	3,317,041	97	865,461	1,776,660	105	816,207	1,540,381	89
Seafood	938,261	1,666,020	78	532,789	988,969	86	405,472	677,051	67
Pancakes, Waffles	838,291	1,435,363	71	264,442	459,956	74	573,849	975,407	70
Steak, Full Menu	7,716,262	10,724,014	39	4,095,365	5,717,587	40	3,620,897	5,006,427	38
Sandwich and Other	502,595	1,185,565	136	93,233	116,859	25	409,362	1,068,706	161
Total	**38,691,594**	**63,144,895**	**63**	**14,244,416**	**22,060,540**	**55**	**24,447,178**	**41,084,355**	**68**

** Estimated by respondents*

RESTAURANT FRANCHISING GROWTH IN UNITS, 1983-1988

Major Activity	Total Units			Company-Owned			Franchisee-Owned		
	1983	1988*	% Change	1983	1988*	% Change	1983	1988*	% Change
Chicken	8,147	9,688	19	2,821	3,298	17	5,326	6,389	20
Hamburgers, Franks, Roast Beef, etc.	28,270	34,647	23	6,378	7,364	16	21,892	27,283	25
Pizza	11,852	19,761	67	4,140	6,438	56	7,712	13,323	73
Mexican	3,469	5,090	47	1,538	2,205	43	1,931	2,885	49
Seafood	2,309	2,917	26	1,197	1,681	40	1,112	1,236	11
Pancakes, Waffles	1,558	2,056	32	488	650	33	1,070	1,406	31
Steak, Full Menu	9,849	10,716	9	4,794	5,067	6	5,055	5,649	12
Sandwich and Other	2,074	4,504	117	429	339	(21)	1,645	4,165	153
Total	**67,528**	**89,379**	**32**	**21,785**	**27,042**	**24**	**45,743**	**62,337**	**36**

** Estimated by respondents*

continued on page 140

MAJOR
forces
IN
FRANCHISING

SYSTEM

-PROBLEMS-

The recent $5.75-billion takeover of the Pillsbury Co. by London-based Grand Metropolitan PLC has many Burger King franchisees breathing a collective sigh of relief. After more than three years of railing against BK's declining market share, flat sales, revolving-door management, and ineffective marketing, franchisees are welcoming their new owner with open arms.

"People view the Grand Met acquisition as a favorable event," says David J. Connor, president of the Syracuse, NY-based Carrols Corp., Burger King's largest franchisee with 156 restaurants. "The franchise community is looking at this as a new start."

As a result of the highly charged takeover battle between Pillsbury and Grand Met late last year, the widespread discontent throughout Burger King's franchisee community became a matter of public record. But Burger King and its franchisees are decidedly not alone in their less-than-harmonious association.

While a handful of foodservice companies such as McDonald's and Kentucky Fried Chicken have, on the whole, kept their franchisees contented over the years, the franchise relationship—as both parties can attest to—is a complex and sensitive one. The bond is easily strained by self-interest, mutual distrust, and a lack of communication.

MONEY CHANGES EVERYTHING. Not surprisingly, the root of the problem, many experts are quick to point out, is money. "The franchisor is looking to make his money from royalties on the franchisee's sales, and the franchisee is looking to make a profit," explains Ken Franklin, president of Franchise Development Inc., a Pittsburgh-based franchise consulting firm. "At times, these goals can conflict with one another."

The franchise situation is complex and sensitive, and easily strained.

Lewis Rudnick, a partner in Rudnick & Wolfe, a Chicago-based law firm specializing in franchising, agrees: "There is an inherent tension in the franchise system that often pits franchisee against franchisor. And that stems from the way in which franchisors are compensated—namely, via royalties based on sales."

In fact, many of the court cases involving the termination of a franchise agreement stem from the franchisee's underreporting of sales, and consequent underpayment of royalties, says Robert Zisk, an attorney with the Washington, DC, law firm of Schmeltzer, Aptaker, & Sheppard. Zisk, who represents franchisors in these types of litigation, says that, in his experience, while "most franchisees tend be honest businessmen making an honest living, underreporting in some chains is a fairly large problem."

On the other hand, the converse can also be true: Many franchisors have found themselves summoned to court by frustrated franchisees claiming misuse of fees. "Franchisees may feel that the franchisor is not necessarily putting the money back into the business," Franklin explains, "or applying it in the best interests of the franchise system."

THE EXTREME. In an extreme illustration of this type of situation, the franchise association of the Los Angeles-based Pioneer Take Out chicken chain filed a $25-million class action suit against the company's founder and former president, H.R. "Rick" Kaufman. Among the allegations presented in the suit was that Kaufman transferred rents, royalties, and other fees paid by the franchise system into his other company, TransPacific Industries Corp.

Overcharging franchisees for products is another aspect of the same complaint. "Through undercapitalization or just bad planning, a franchisor finds that royalties are no longer enough," says Rudnick. "So he must sell high-priced products to the franchisees, who are a captive market."

And, once again, the Pioneer suit, signed by 77 franchisees, also claims that Kaufman was charging more than fair market value for a required batter mix for the chicken—which he manufactured—as well as for an orange drink. Kaufman, for his part, turned around and countersued for $40 million. The courts have yet to rule on either suit.

OUT OF COURT. Generally, however, the courts are a last resort, a radical solution to problems raised in the franchise agreement, and the majority of those controversies do not end up in litigation, points out Philip Zeidman, a founding partner with the Washington, DC, law firm of Brownstein, Zeidman & Schomer. "You have to ask what pushed these cases from being simply a dispute into a court case," he says. "Every lawsuit has something human at its heart."

The root of many problems, experts say, is money.

Zeidman observes that, in his experience, the disputes between a franchisor and franchisee can be reduced to two basic arguments. "The franchisor claims that the franchisee has forgotten where he came from," he says. "He's forgotten that it was the franchisor who helped make him a success." The franchisee, for his part, claims that there is a lack of communication with the franchisor, Zeidman continues, "that there isn't the same sense of kinship that existed when he first signed on as a franchisee."

HEART OF THE MATTER. Communication, many agree, is indeed at the heart of the matter. In fact, it nearly always emerges in a franchisee's—and even franchisor's—complaint. Rod Jarboe, president of Pioneer Take Out's franchise association, says that one of the problems franchisees encountered with Kaufman was their inability to talk with him. "He wouldn't meet with the franchise association," Jarboe says. "And when the occasional franchisee did get in to see Kaufman, he got no satisfaction."

Laurence Kessler, president and CEO of Rochester, NY-based Kessler group, a franchisee of 17 Burger King restaurants, recalls that for a time, Burger King under J. Jeffrey Campbell was solicitous of BK franchisees. Later, however, that changed. "They paid lip service to us, but nobody really paid any attention to what we were saying," he notes.

Franchisors with an eye toward the longevity of their system work hard at keeping the lines of communication open. Fred DeLuca, founder of the Milford, CT-based Subway Sandwiches & Salads chain, stresses the importance of explaining objectives clearly and then listening to what franchisees have to say. "We're heavy on publications and communication," DeLuca says. In addition to publishing weekly newsletters, Subway has also installed a toll-free phone number that franchisees can call.

Rudnick concurs, saying, "Franchisors need to develop a mechanism that gives the franchisees access to senior management—the people who deal with the problems. If they can only talk to field management people, they can become frustrated."

But even in cases where the two parties are communicating, time and circumstances can alter the relationship. "As a franchisee grows more successful, his payments increase," Rudnick adds. "At the same time, he grows less dependent on the services of the franchisor."

Consequently, the burden on the franchisor becomes greater to hold the relationship together. "In the beginning, the franchisee is quite dependent," he continues. "Later on, once he understands the business and is making money, that changes. At that point the franchisor must work harder and find ways to maintain value."

SUPPORT SYSTEM. The best way, Rudnick suggests, is to maintain a solid support system: "good advertising, good research and development, and good products. Then the franchisee can see that key services are being performed."

When sales begin to slide, unsuccessful advertising and marketing campaigns are often the early targets of discontented franchisees. While Burger King franchisees were unimpressed with the Miami-based chain's 4.2-oz. Whopper upgrade a few years back, they were positively embarrassed by the "Herb" fiasco a year or so later.

"We were the laughing stock of the marketing community," recalls Kessler. "The Herb campaign, the 4.2-oz. Whopper—they were like the emperor's new clothes. We all said, 'What are you, nuts? This is ridiculous!' But by the time we knew about it, it was already done."

New product rollouts—sound or otherwise—that do not perform up to expec-

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FOODSERVICE FRANCHISING

U.S. FRANCHISED RESTAURANTS SUMMARY

Item	1987	1988*	1989*	Percent Changes	
				1987-88	1988-89
Company-owned	25,398	27,042	28,496	6.5	5.4
Franchisee-owned	57,933	62,337	67,037	7.6	7.5
Total number of units	83,331	89,379	95,533	7.3	7.3
Company-owned	$20,026,900	$22,060,540	$24,202,074	10.2	9.7
Franchisee-owned	36,813,094	41,084,355	46,222,136	11.6	12.5
Total sales of products and services (\$000)	$56,839,994	$63,144,895	$70,424,210	11.1	11.5
Merchandise (non-food) for resale	$177,092	$220,590	$238,237	24.6	8.0
Supplies (such as paper goods)	274,332	533,500	570,845	94.5	7.0
Food ingredients	1,299,326	1,467,839	1,607,284	13.0	9.5
Other	60,366	67,042	69,053	11.1	3.0
Total sales of products and services by franchisors to franchisees (\$000)	$1,811,116	$2,288,971	$2,485,419	22.7	24.0

* *Estimated by respondents*

TOP 50 FRANCHISE RESTAURANT SYSTEMS

1987-88 Systemwide Sales ($000,000) by Company and Franchise							
Franchise System	1988					1987	'87-'88
	Fiscal Year	Systemwide	Avg. Unit Volume	Company-Owned	Franchisee-Owned	Systemwide	% Total Change
1 McDonald's	12/88	$16,064	$1,596,000	$4,196	$11,868	$14,330	12.1
2 Burger King*	5/88	5,400	1,002,000	826	4,574	5,000	8.0
3 Kentucky Fried Chicken*	12/88	4,896	700,000	1,248	3,648	4,100	19.5
4 Hardee's*	12/88	3,299	920,000	1,101	2,198	3,064	7.7
5 Pizza Hut*	12/88	3,200	530,000	1,600	1,600	2,900	10.3
6 Wendy's	1/88	2,869	741,000	918	1,951	2,747	4.4
7 Domino's	12/88	2,307	471,276	623	1,684	1,980	16.5
8 Dairy Queen*	11/88	2,067	403,400	2	2,065	1,878	10.1
9 Taco Bell*	12/88	1,699	609,756	965	734	1,500	13.3
10 Shoney's	10/88	1,447	1,371,000	762	685	1,321	9.6
11 Denny's	12/88	1,323	1,100,000	1,115	208	1,244	6.3
12 Arby's*	10/88	1,160	594,872	121	1,039	988	17.4
13 Little Caesars Pizza*	12/88	[illegible]000	476,644	243	757	725	37.9
14 Big Boy*	12/88	960	1,000,000	81	879	950	1.1
15 Ponderosa*	2/88	800	1,119,350	448	352	758	5.5
16 Dunkin' Donuts	10/88	790	495,612	2	788	729	8.4
17 Jack In The Box	10/88	775	903,000	570	205	665	16.5
18 Long John Silver's	6/88	753	525,200	501	252	737	2.2
19 Sizzler*	4/88	750	1,400,000	246	504	705	6.4
20 Baskin-Robbins*	12/88	623	183,000	35	588	621	0
21 Subway	12/88	603	208,000	3	600	360	67.5
22 Roy Rogers*	12/88	600	1,040,000	342	258	568	5.6
23 Bonanza Family Restaurants	12/88	571	943,000	2	569	530	7.7
24 Popeyes Famous Fried Chicken	10/88	485	725,000	70	415	460	5.4
25 Western Sizzlin*	10/88	463	796,000	0	463	466	0.6
26 Church's Fried Chicken*	12/88	450	339,000	324	126	534	(15.8)
27 Chi-Chi's	9/88	411	2,380,000	299	112	385	6.8
28 Carl's Jr.*	1/88	399	940,000	337	62	344	16.0
29 Rax Restaurants	7/88	366	759,000	113	253	358	2.5
30 Captain D's	10/88	364	630,000	216	148	343	6.1
31 Perkins Restaurants*	12/88	352	1,033,000	118	234	344	2.3
32 Sonic*	8/88	341	353,393	26	315	306	11.4
33 International House of Pancakes	12/88	316	689,500	29	287	297	6.4
34 Ground Round	9/88	300	1,500,000	240	60	261	14.9
34 Pizza Inn*	6/88	300	450,000	126	174	285	5.3
36 Chili's	6/88	261	1,991,000	218	43	196	33.7
37 ShowBiz Pizza*	12/88	251	1,000,000	123	128	247	1.6
38 Round Table Pizza	7/88	250	500,000	0	250	228	9.6
39 Godfather's Pizza*	5/88	242	414,000	75	167	261	(6.9)
40 Ryan's Family Steak Houses*	12/88	235	2,150,000	191	44	179	31.3
40 Waffle House*	6/88	235	380	99	136	235	0
42 Village Inn*	10/88	230	870,000	131	99	219	5.0
43 Marie Callender Pie Shops	12/88	225	1,500,000	115	110	203	10.8
44 Carvel Ice Cream*	12/88	223	255,000	3	220	217	2.8
45 Western Steer Mom 'N' Pops*	2/88	200	925,000	48	152	189	5.8
46 Grandy's*	12/88	185	915,841	99	86	180	2.8
47 Mr. Donut*	2/88	174	286,000	0	174	169	3.0
48 Country Kitchen	12/88	167	660,000	2	165	161	3.7
49 Po Folks	9/88	150	1,150,000	42	108	150	0
50 Shakey's Pizza*	9/88	140	599,150	5	135	145	(3.6)
50 Mr. Gatti's*	12/88	140	455,000	42	98	140	0

* *Estimated by Restaurant Business*

Note: Data includes international operations; data is in millions of dollars, except average unit volume

TOP 50 FRANCHISE RESTAURANT SYSTEMS

1987-88 Systemwide Units by Company and Franchise

Franchise System	1988			1987			'87-'88
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned	% Total Change
1 McDonald's	10,513	2,600	7,913	9,911	2,399	7,512	6.1
2 Kentucky Fried Chicken	7,761	1,979	5,782	7,522	1,901	5,621	3.2
3 Pizza Hut*	6,597	2,850	3,747	6,257	2,697	3,560	5.4
4 Burger King	5,473	818	4,655	5,179	794	4,385	5.7
5 Dairy Queen	5,122	5	5,117	5,005	5	5,000	2.3
6 Domino's	4,893	1,370	3,523	4,279	1,109	3,170	14.3
7 Wendy's	3,816	1,229	2,587	3,727	1,335	2,392	2.4
8 Baskin-Robbins	3,406	192	3,214	3,398	189	3,209	0
9 Hardee's	3,110	1,038	2,072	2,912	963	1,949	6.8
10 Subway	2,898	30	2,868	1,810	10	1,800	60.1
11 Taco Bell	2,881	1,692	1,189	2,695	1,475	1,220	6.9
12 Little Caesars Pizza	2,375	578	1,797	1,820	441	1,379	30.5
13 Arby's	2,049	209	1,840	1,851	197	1,654	10.7
14 Dunkin' Donuts	1,765	6	1,759	1,669	29	1,640	5.8
15 Long John Silver's	1,469	979	490	1,420	887	533	3.5
16 Church's Fried Chicken*	1,368	990	378	1,486	1,072	414	(7.9)
17 Denny's	1,299	1,001	298	1,221	1,045	176	6.4
18 Sonic	985	74	911	955	68	887	3.1
19 Big Boy*	960	81	879	950	80	870	0
20 Jack In The Box	957	637	320	897	639	258	6.7
21 Carvel Ice Cream*	895	10	885	850	10	840	5.3
22 Ponderosa	715	400	315	677	400	277	5.6
22 Popeyes Famous Fried Chicken*	715	102	613	664	96	568	7.7
24 Pizza Inn*	666	278	388	672	282	390	(1.0)
25 Captain D's	636	272	364	604	261	343	5.3
25 Shoney's	636	272	364	604	261	343	5.3
27 Waffle House*	635	268	367	635	268	367	NC
28 Bonanza Family Restaurants	612	2	610	602	2	600	1.7
29 Sizzler*	611	200	411	548	180	368	11.5
30 Roy Rogers*	609	350	259	583	332	251	4.5
31 Mr. Donut*	599	1	598	617	1	616	(2.9)
32 Godfather's Pizza	580	180	400	605	190	415	(4.1)
32 Western Sizzlin'	580	0	580	588	0	588	(1.4)
34 Round Table Pizza	535	0	535	515	0	515	3.9
35 Rax Restaurants	521	148	373	520	156	364	0
36 International House of Pancakes	458	59	399	454	71	383	1.0
37 Carl's Jr.*	444	365	79	436	359	77	1.8
38 Perkins Restaurants	341	114	227	333	114	219	2.4
39 Mr. Gatti's*	337	101	236	337	101	236	NC
40 ShowBiz Pizza*	263	129	134	260	127	133	1.2
41 Village Inn	256	139	117	272	141	131	(5.9)
42 Country Kitchen	252	3	249	252	3	249	NC
43 Shakey's Pizza	230	9	221	250	9	241	(4.4)
44 Ground Round	215	178	37	190	158	32	13.2
45 Grandy's	205	108	97	200	108	92	2.5
46 Western Steer Mom 'N' Pops*	196	46	150	194	46	148	1.0
47 Chi-Chi's	187	122	65	183	116	67	2.2
48 Bojangles*	181	43	138	222	53	169	(7.1)
49 Marie Callender Pie Shops	150	77	73	133	72	61	12.8
50 Po Folks	147	35	112	155	40	115	(5.2)

* *Estimated by Restaurant Business*

Note: Data includes international operations tations are often a target of franchisee ire. Wendy's disappointing breakfast program still has some franchisees talking. "Wendy's is very quality-conscious, and we offered the customer a quality breakfast," says Ted Balestreri, chairman of the Monterey, CA-based Restaurants Central, a franchisee of five Wendy's restaurants. "But did you ever see a guy in a car eating an omelet?

"The company needs to do a little more work on practicality and delivery," he stresses. "We need a product we can implement at a reasonable cost."

And clearly, cost has been a factor in Wendy's rollout of the SuperBar. At an estimated cost of between $20,000 and $30,000, the SuperBar remains a large question mark for a number of Wendy's franchisees. "There's been a reluctance among some franchisees to go with an investment of that size right off the bat," Balestreri admits. "They're waiting to see how it performs in the long run."

RELUCTANCE. The reluctance among many of Wendy's franchisees to invest in the SuperBar can be viewed as a "not-unreasonable" response, says consultant Franklin. "A franchisor will add things he thinks will enhance sales," he explains. "And while a costly addition may indeed increase a store's sales, it may not necessarily bring profits up too. So, obviously, the franchisee community balks."

Communication between the two parties is often a problem.

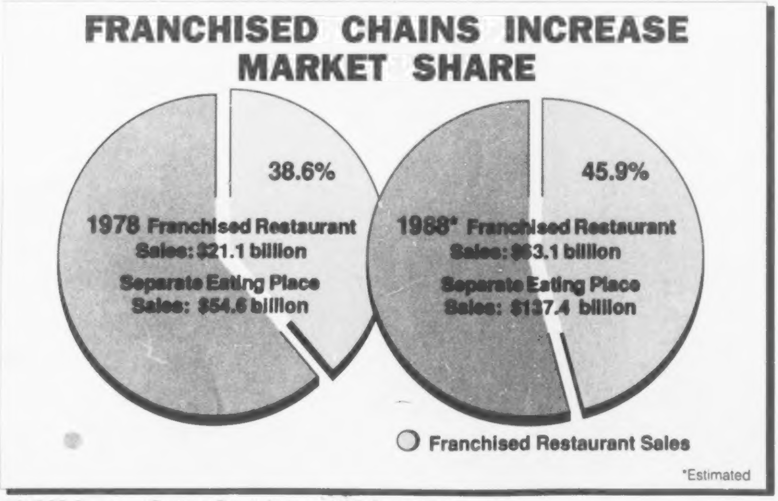
The other side of this coin is when the company is unable to deliver sufficient support to the franchisee. "Often a franchisee will turn to the parent company for help when problems arise," Franklin says. "He'll ask, 'How do I find employees?' or 'How do I get a leg up on the competition down the street?' And sometimes there are no easy answers. That can create a sense of tension too."

WHEN THINGS GO WRONG. And, when things begin to go wrong, it's not uncommon to hear franchisees argue that they could run the business better than the parent-company—and, in some cases, they may be correct. Last winter, Pillsbury, hoping to thwart Grand Met's takeover, threatened to spin Burger King off as an independent entity—but first, they planned to load it with debt.

Ironically, some franchisees would have been quite happy to part ways with Pillsbury. "It would have been wonderful if we could have been spun off without being too heavily encumbered," Kessler says. "We could have had our own board of directors and agenda."

But, he adds, "I wouldn't want to have been spun off at any cost."

FOODSERVICE FRANCHISING



SOURCE: Restaurant Business Growth Index and U.S. Dept. of Commerce

In one instance last year, a franchisee came very close to taking the reins of his company. Carabo Inc., the privately held Bojangles franchisee based in Greenville, SC, offered to purchase the troubled chain from parent Horn & Hardart. Horn & Hardart, which had been characterized by some franchisees as being less than effective in operating the chicken and biscuits chain, had been attempting to sell it for two years.

Apparently, though, the continuing deterioration of the Bojangles system made it impossible for the two parties to arrive at an agreement, and the deal fell through—much to the dismay of remaining franchisees.

As a result, Horn & Hardart recently established H&H Restaurant Corp., a separate division that will operate the ailing Bojangles system. Newly appointed president and chief operating officer John Bifone says that his first priority is to "win back the credibility of our Bojangles franchisees."

The relationship, Bifone admits, suffers from "the classic problem: the franchisor perhaps guilty of not providing the kind of direction to franchisees that they expect."

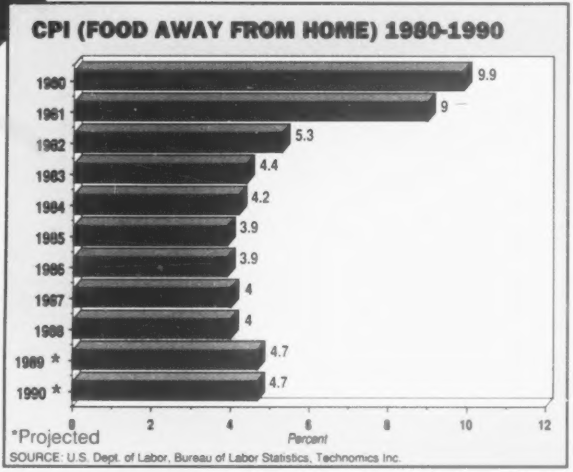
BREAKING AWAY. When a franchisee perceives that problems have become acute, he may simply decide to bail out of the system altogether. Called a "breakaway franchisee," he may decide to pull out before being affected by the trouble crippling the system. "This is a widespread phenomenon," says Rudnick. "The franchisee is convinced that he can now run the store by himself."

But while the franchisor/franchisee arrangement is certainly overrun with difficulties, the majority of those involved remain confident that the benefits outweigh the problems. "It's a kind of symbiotic relationship," observes Rudnick. "And it can be a pretty good business venture."

Kessler is completely in accord. "I'm optimistic about the future," he says.

Pioneer Take Out's Jarboe points out that a large number of franchisees fled the company before its recent purchase by Intercoastal Properties. But, "the people who are left are the hardcore survivors," he says proudly. "We've been through a three-year battle with Kaufman, and spent a year in Chapter XI. We're ready to turn this thing around. We think that we are on our way to recovery."**—Paul Frumkin**

LATELINE



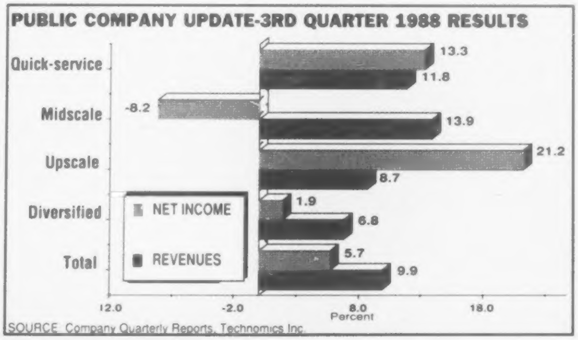
CPI (FOOD AWAY FROM HOME) 1980-1990

*Projected

SOURCE: U.S. Dept. of Labor, Bureau of Labor Statistics, Technomics Inc.

FOOD AWAY FROM HOME JUMPS

According to the U.S. Department of Labor, the Consumer Price Index (CPI) for Food Away From Home jumped a relatively modest 4% in 1988. Due in part to last summer's drought, the CPI for Food Away From Home is expected to increase 4.7% in 1989 and hold at that level through 1990. While inflation is expected to rise during the next two years, the rise should remain well below the near double-digit increases experienced in the late 1970s and early 1980s.

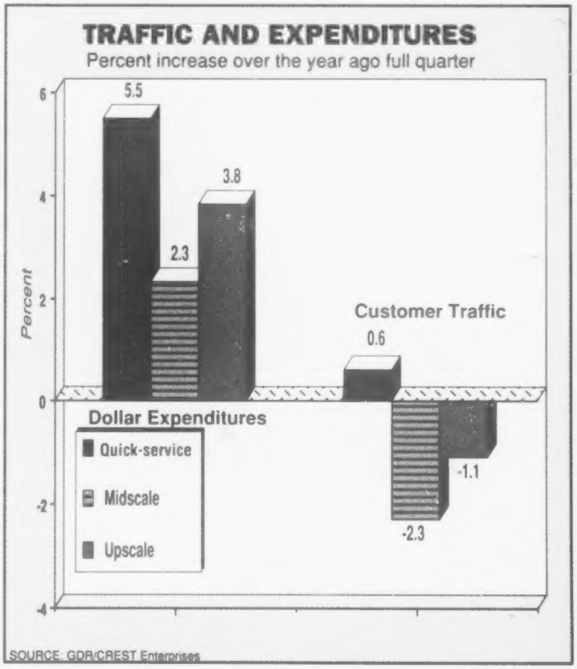


PUBLIC COMPANY UPDATE-3RD QUARTER 1988 RESULTS

SOURCE: Company Quarterly Reports, Technomics Inc.

PUBLIC COMPANY 3RD-QTR. 1988 RESULTS

Revenues from restaurant operations increased a healthy 9.9% in nominal terms for the 90 largest publicly held restaurant chains during the third quarter of 1988 (quarters ending June to October). However, net income growth trailed revenue growth, increasing by under 6%. The quick-service segment continued to account for the majority of net income growth, led by a strong 16.8% increase by McDonald's and a 42.5% increase (to $8.7 million) in net income for Wendy's versus $0.2 million for the year-earlier period. Thanks to robust revenue growth by a number of midscale chains, including Shoney's, Morrison, and Cracker Barrel, revenues jumped nearly 14%. Unfortunately, increased revenues did not translate into net income growth, as 15 of the 33 midscale operators had decreases in net income or net losses for the period. Due almost entirely to strong performances by Chili's and TGI Friday's, net income for the upscale segment jumped 21%. Friday's had a 50% increase, to $3.8 million, while Chili's posted a 36% jump, to $3.1 million. The diversified segment (Collins Foods, PepsiCo, Pillsbury, etc.) includes results from restaurant operations only.



TRAFFIC AND EXPENDITURES

Percent increase over the year ago full quarter

SOURCE: GDR/CREST Enterprises

FALL TRAFFIC, EXPENDITURES

Quick-service restaurants outpaced the midscale and upscale segments in both customer expenditures and traffic for the fall quarter, according to figures released from CREST, a service of NPD Research, Park Ridge, IL. While growth in expenditures and traffic has improved from the summer quarter, midscale and upscale operators tracked by CREST are still showing real declines in traffic. Clearly, in 1988 (as in 1987), the quick-service segment has enjoyed literally all of the incremental growth in the industry.

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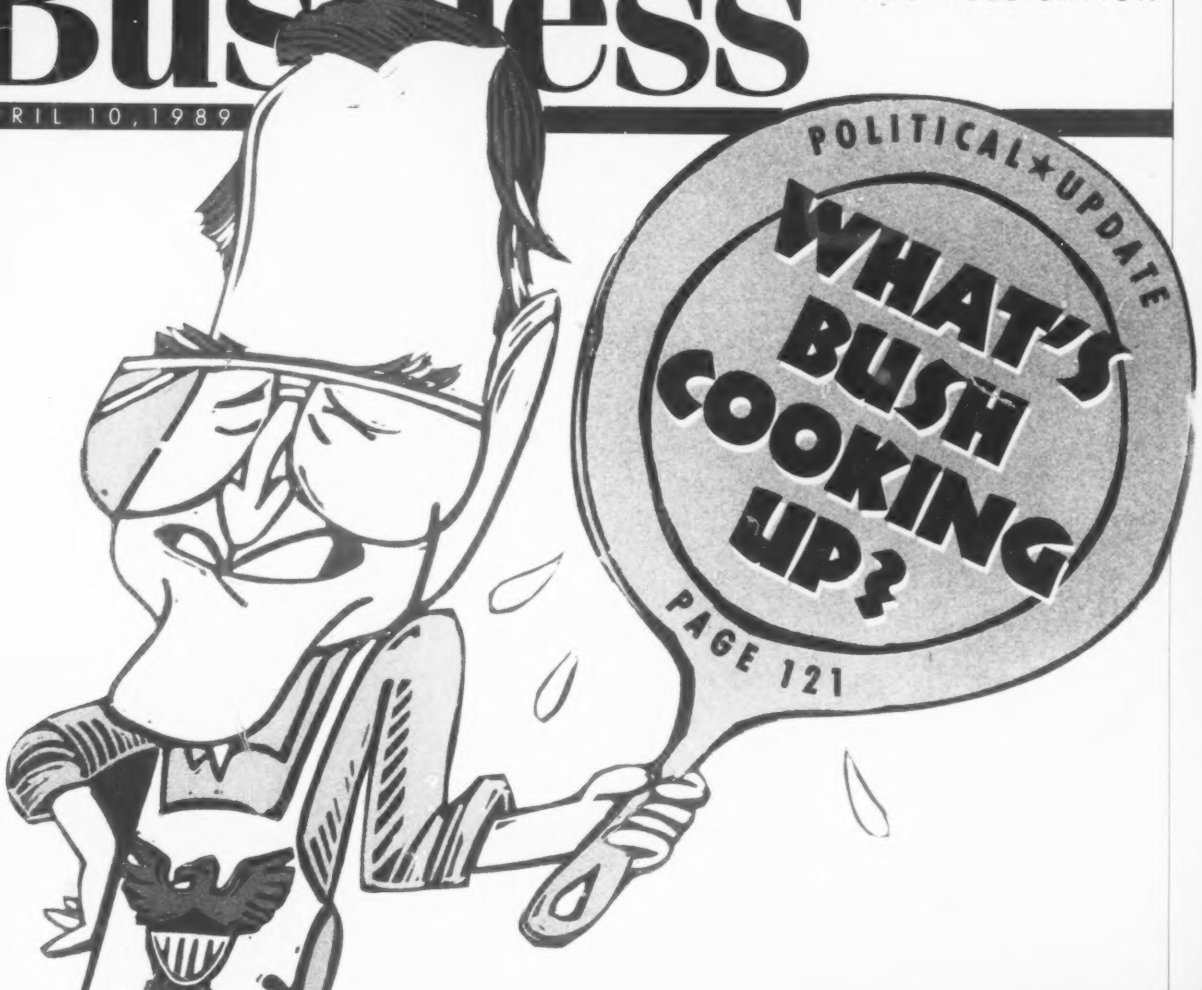
MARKET SEGMENT REPORT **ICE CREAM & YOGURT** 171

Restaurant Business

A BILL PUBLICATION

APRIL 10, 1989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WIN A TRIP FOR TWO

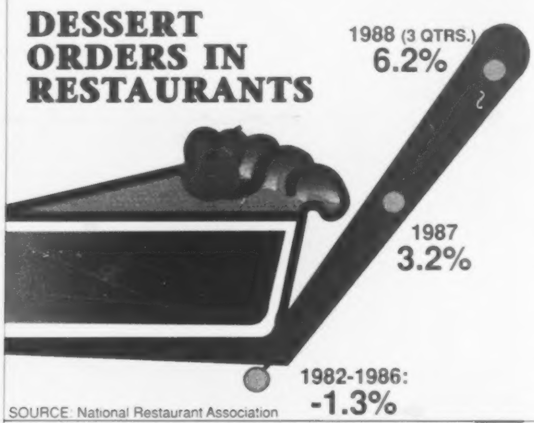
SWEEPSTAKES!

FOR DETAILS SEE PAGE 24

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

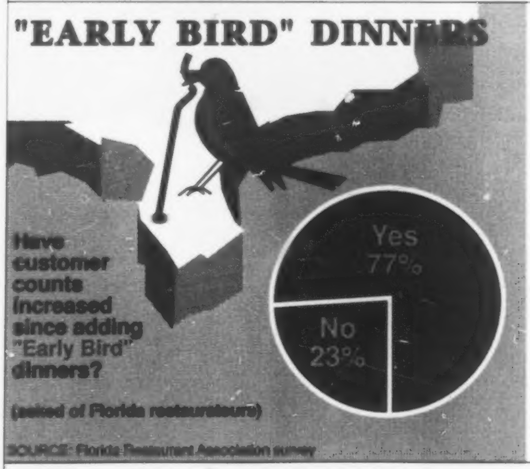
By Howard Riell



SOURCE: National Restaurant Association

Making An After-Dinner Mint

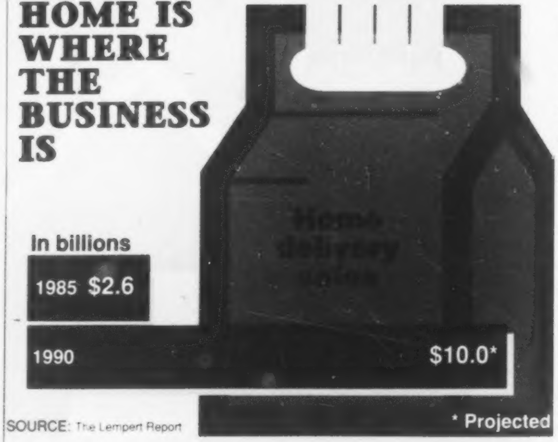
"The sweet tooth," declares the National Restaurant Association, "is back." Despite the popularity of healthful foods, Americans are still allowing themselves more splurges when dining out. Ice cream represents 51% of all desserts ordered in 1987 (20% of it soft-serve, 16% sundaes, and 15% regular ice cream). Other frequently ordered desserts are pies (11% of all ordered); cakes (9%); cookies (8%); frozen non-ice-cream items, like yogurt (5%); gelatin/pudding (4%); cheesecake (2%); and other desserts (10%). Dessert displays are used at just over 10% of tableservice restaurants.



SOURCE: Florida Restaurant Association survey

The Early Bird Catches The Customer

"Early bird" dinners—those served as early as 4 p.m.—have produced solid results, according to some Florida restaurateurs. They provide diners with savings: average "early bird" checks are about $7.46, as opposed to $9.83 during normal dinner hours. Almost 67% of respondents said "early bird" dinner periods last from one to two hours; 21% said they last two-and-a-half to three hours. Also, 26% of operators said traffic increased between 11% and 25% in 1988. Food costs, however, tended to be higher, according to 45% of operators; 34% said they were unchanged.



SOURCE: The Lempert Report

Delivering On A Promise

Home delivery has become the fastest-growing segment of the off-premise market, and is expected to grow 30% annually for the next several years, according to *The Lempert Report*. While the potential for virtually every segment of the industry seems unbounded, there are negatives. Supermarkets are following the trend as well, providing them with yet another way to steal the dining-out dollar from restaurant operators. Also, delivery means deliverers—and the foodservice industry is already low on manpower. Top market for the future: "cocooning couples."

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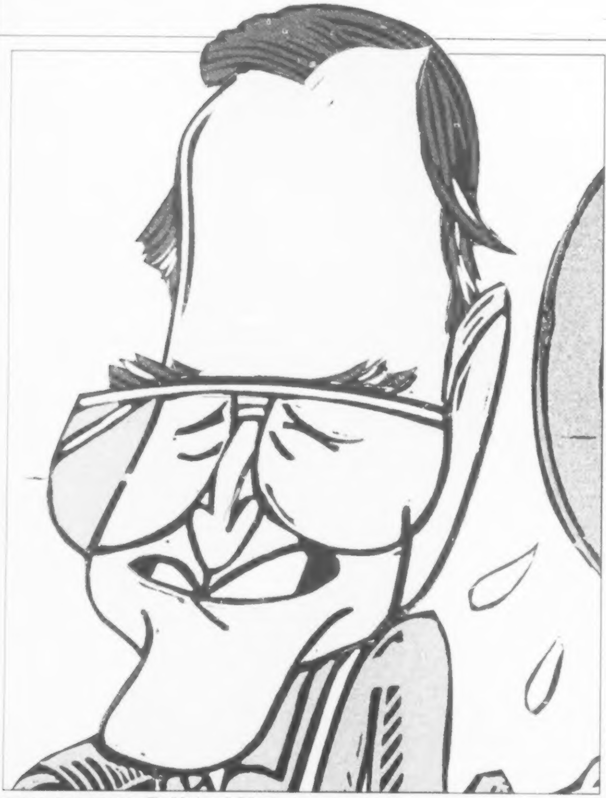

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MENU IDEAS: *Breakfast & Brunch, page 195.*

COVER STORY

POLITICAL **UPDATE.** *What's cooking in Washington? Congress is dishing up some leftovers—the same legislative dishes that were unpalatable to the foodservice industry last year. Meanwhile, President Bush, constrained by the deficit and his pledge not to raise taxes, has a limited menu of choices. Federal regulatory agencies are preparing a smorgasbord of proposals with potential impact. And the federal government is passing the plate to the states on many issues: Now they will have to fork over bucks for programs that had been federally funded* **121**

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Cover illustration by Randall Enos.

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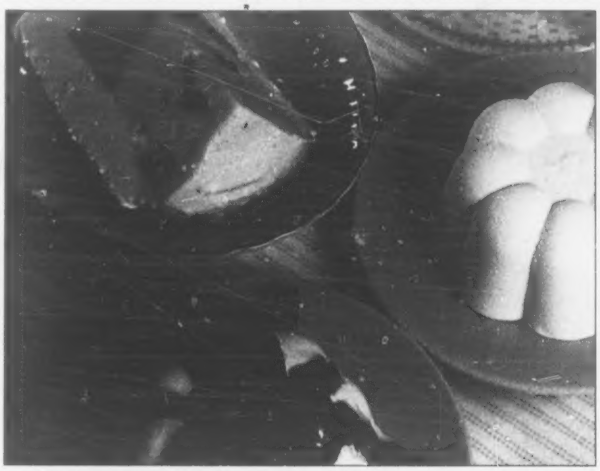
REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1988 MAJOR FORCES IN FRANCHISING.** *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*



Market Segment Report: *Ice Cream & Yogurt, page 171.*

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COVER STORY

RB LEADERSHIP AWARDS

In every industry, there are leaders and there are followers. This year, the editors are pleased to honor the winners of *RB*'s Seventh Annual Business Leadership Awards: Ted Balestreri, proprietor, The Sardine Factory; Steve Elmont, president, Creative Gourmets; Ruth Fertel, president, Ruth's Chris Steak Houses; Carl Mottek, Hilton Hotels; Bob Rosenberg, chairman and CEO, Dunkin' Donuts. Each winner will be profiled in depth in the May 1 issue of *Restaurant Business.*

MARKET SEGMENT REPORT

BAKERY

Consumers have demonstrated a seemingly insatiable desire for fresh-baked goods, and purveyors of cookies, donuts, cinnamon rolls, and desserts have benefited. Competition is growing, however, as limited-line specialty bakers feel the pinch from broad-menu restaurants adding bake-off and scratch facilities.

MENU IDEAS

PRACTICAL PRODUCE

Fresh is in for fruits and vegetables, and these ideas from the *Restaurant Business* Test Kitchen will help operators menu produce.

DRAFTS, CARAFES & SPIRITS

SEASONAL DRINK PROMOTIONS

It's not too early to start thinking about tall, cool summertime drinks—or too late to offer warming, late-winter libations.

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M·A·R·K·E·T S·E·G·M·E·N·T R·E·P·O·R·T

ICE CREAM *And* YOGURT

Chains are adding many new frozen products to their menus.

BY PATRICIA KOLB

Everyone in the segment has been expanding menus with the addition of frozen yogurt, novelties, cakes and pies, superpremium ice creams with high butterfat content, and paradoxically, low- and no-fat products. The idea of mixing in candies, cookies, and fruits was pioneered by the Steve's Ice Cream chain; now many of the other players have a mix-in line. And, new and exotic flavors aim to attract new customers and keep them coming back.

Frozen yogurt—primarily soft-serve and in a multitude of flavors—is hot. Besides spawning several small but rapidly growing frozen yogurt chains, this cool trend has the major players in the ice cream segment adding yogurt to their product lines.

Sales of ice cream and frozen custard were projected to reach $1.7 billion in 1988, a 7.1% increase over 1987, while 1989 is expected to bring a 6.5% increase, increasing sales to $1.8 billion, according to the National Restaurant Association.

EXPLOITABLE GAP. Frozen yogurt is a product that many Americans have not yet tried. Some studies indicate that only 30% of the population has tried frozen yogurt; another survey puts that percentage at 57%. In either case, says Mimi Hurst, vice president of The Country's Best Yogurt (TCBY), whose company subscribes to the 57% figure, "the opportunity exists to convert a significant number of non-users." The study, compiled for TCBY by the Dallas-based research firm of M/A/R/C, asked people what they planned to eat more of in 1989. Fifteen percent of the respondents said that they plan to eat more ice cream, while 43% said they would eat more frozen yogurt.

The study indicated another reason for yogurt's growing popularity: concern about cholesterol. Most frozen yogurt has low or no cholesterol. However, as Michael Sullivan, president of Minneapolis-based International Dairy Queen (IDQ) points out, "Though this current craze for yogurt is health-related, in fact, in its current formulation, yogurt is close to soft-serve ice cream in calories and fat content." IDQ's soft-serve ice cream is 5% butterfat; most frozen yogurt is about 4% butterfat.

Though frozen yogurt is popular, the number of yogurt units is still dwarfed by the number of ice cream units. According to Millie Lemajich, marketing manager of the Restaurant Consulting Group, publisher of RE-COUNT, the total number of yogurt units in 1988 was 1,923, while ice cream units in the U.S. totaled 22,214.

Growth in frozen yogurt stores last year was 400%—largely due to the rapid expansion of TCBY. Ice cream units grew by about 3%, slightly less than the growth rate of the foodservice in-

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dustry in general at 3.6%.

TCBY, along with other fast-growing yogurt chains, such as Atlanta-based Perkits Yogurt, Metairie, LA-based Zack's Famous Frozen Yogurt, New York City-based Everything Yogurt, and Dallas-based I Can't Believe It's Yogurt, accounted for the lion's share of frozen yogurt unit growth. The ratio of chain stores to independent units is two to one. In the ice cream segment, independent units grew slightly faster than chain units.

STRATEGIES. Frozen novelties such as Baskin-Robbins' Frozen Sundae Bars and IDQ's Chocolate Mountain Bar, plus frozen cakes and pies, soft-serve with mix-ins, new flavors, and menu expansion are spurring sales.

Superpremium products are another way to increase sales. In fact, superpremium ice cream—which has a butterfat content of 14% to 20%—posted a 15% growth rate, higher than any other ice cream product. Most of that growth occurred in supermarket sales, but foodservice is benefiting: Almost every major ice cream chain offers a superpremium line, including Baskin-Robbins, Bresler's, and Tastee Freez.

On the opposite end of the scale, low-fat and no-fat products are also gaining popularity. Baskin-Robbins added "Low, Lite 'n Luscious," a low-fat, frozen dairy dessert, which is 97% fat free and has one-third fewer calories than ice cream. And Bresler's added Weight Watchers Frozen Dairy Dessert.

Mark Kaplan, chairman of 30-unit Gorin's Homemade Ice Cream and Sandwiches Co. in Atlanta, feels that there's a trend towards lighter products. "We see a lot of activity in ice cream—an emergence of newer, lighter products that will strongly compete against frozen yogurt, and entice customers back to ice cream."

MARKET LEADER. The giant of the industry, International Dairy Queen, experienced "some real growth, but not as much as the previous year," says president Michael Sullivan. He predicts "1989 will also be soft in the ice cream end of the business, but a little better in the food end."

Sullivan attributes the softness of 1988 to a cold spring and to the negative economic impact of the drought. To counter that, IDQ introduced frozen yogurt in four markets in 1988, and is expanding the introduction to 300 stores in 20 markets in 1989. The frozen yogurt is a soft-serve product that is served in cones and sundaes. A mix-in product, similar to the chain's successful Blizzard, is called a Breeze.

IDQ is also building its food business. In fact, food now accounts for almost 50% of sales, thanks to 3,600 full-menu Brazier units. Claims Sullivan, "We're probably the country's largest purveyor of hot dogs."

Two years ago, IDQ unveiled a line of premium hard-pack ice cream called Queen's Choice. It is currently in 1,500 units, and accounts for about 6% of frozen-treat sales. Also in 1,500 stores is a line of ice cream cakes and logs. The

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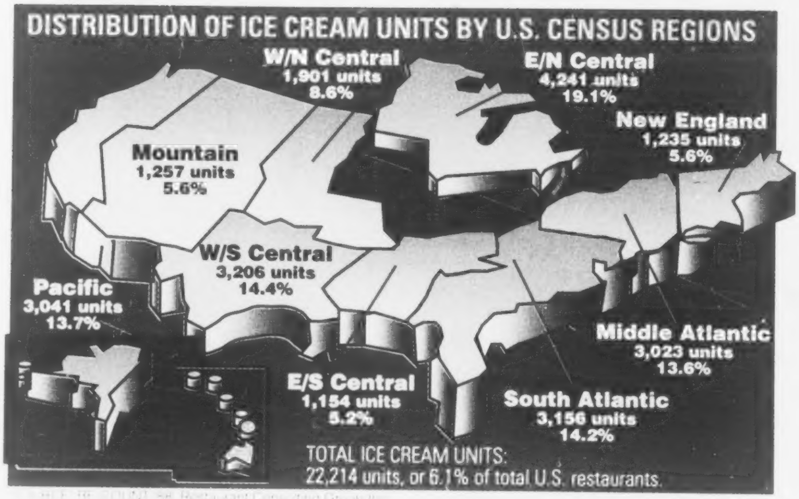
Yogurt is trendy; even ice cream chains now serve it.

Staten Island, NY-based Sedutto, a division of Schrafft's Ice Cream Co., is known for Italian ice cream specialties such as spumoni and tortoni.


DISTRIBUTION OF ICE CREAM UNITS BY U.S. CENSUS REGIONS
W/N Central 1,901 units 8.6%
E/N Central 4,241 units 19.1%
New England 1,235 units 5.6%
Mountain 1,257 units 5.6%
W/S Central 3,206 units 14.4%
Pacific 3,041 units 13.7%
Middle Atlantic 3,023 units 13.6%
E/S Central 1,154 units 5.2%
South Atlantic 3,156 units 14.2%
TOTAL ICE CREAM UNITS: 22,214 units, or 6.1% of total U.S. restaurants.

SOURCE: RE-COUNT '88, Restaurant Consulting Group Inc.

investment required to install the frozen cake program ranges from $7,800 to $9,000. IDQ also offers a Chocolate Mountain Bar, a 6-oz., 14% butterfat ice cream bar coated in semi-sweet chocolate that sells for $1.25 to $1.50.

The IDQ Treat Center is a departure from the traditional Dairy Queen unit. Following the acquisition of 750-unit Orange Julius and 230-unit Karmel Korn, the company created its Treat Center, a combination of the three concepts in one storefront. Nationally, there are 35 Treat Center units in malls, ranging in size from 189 sq. ft. to 2,000 sq. ft. "Sales per square foot are extremely high," says Sullivan.

IDQ currently has 5,075 stores worldwide, with systemwide sales of $2.07 billion and average unit sales of $405,000. According to Sullivan, the company plans to add about 200 units in 1989, the same rate of growth it experienced in the last few years.

Baskin-Robbins, the leader in dipped ice cream sales, has also been stimulating sales with product mix innovations.

Two years ago, Baskin-Robbins debuted its line of superpremium International Creams, a line of 16% butterfat ice creams in flavors such as Almond Amaretto and Chocolate Rasp-

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Rich's® Grand American® Is Making

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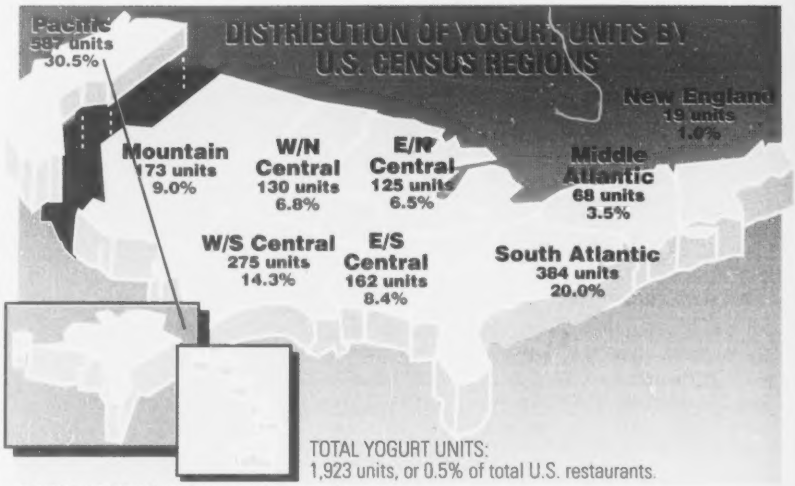
DISTRIBUTION OF YOGURT UNITS BY U.S. CENSUS REGIONS
Pacific 587 units 30.5%
Mountain 173 units 9.0%
W/N Central 130 units 6.8%
E/N Central 125 units 6.5%
New England 19 units 1.0%
Middle Atlantic 68 units 3.5%
W/S Central 275 units 14.3%
E/S Central 162 units 8.4%
South Atlantic 384 units 20.0%
TOTAL YOGURT UNITS:
1,923 units, or 0.5% of total U.S. restaurants.

SOURCE RE-COUNT '88, Restaurant Consulting Group Inc

berry Truffle. Its original line of Deluxe Ice Cream has 12% butterfat. Baskin-Robbins has long had a line of ice cream pies and cakes that have remained popular over the years.

This year, the Glendale, CA-based company introduced the Low, Lite 'n Luscious line of low-fat frozen dairy desserts and a line of nonfat, soft-serve frozen yogurt. According to company spokesperson Marilyn Novak, "Men over the age of 35 are more cholesterol-conscious, so these products are natural extensions of our line." The yogurt comes in 25 flavors, including White Chocolate, Apple Cinnamon, and Chocolate Raspberry. It is offered, four flavors at a time, in 550 stores out of the company's 2,500 U.S. stores. Baskin-Robbins has 3,400 units worldwide.

Another innovation is the Ice Cream Sundae Bar: Jamocha Almond Fudge, Pralines & Cream, Coconut Joy, and Strawberry Royale ice creams dipped in chocolate. The bars are generally a take-out item.

QUALITY. Friendly Ice Cream Corp., the 850-store, Wilbraham, MA-based company, wants to improve quality and value perception. The company is considering raising the butterfat level of its premium ice cream line, and it is looking at ways to improve its flagship food item, The Big Beef hamburger.

Says marketing vice president John Sauve, "We will continue to emphasize our ice cream line; it helps differentiate Friendly from its competitors." The

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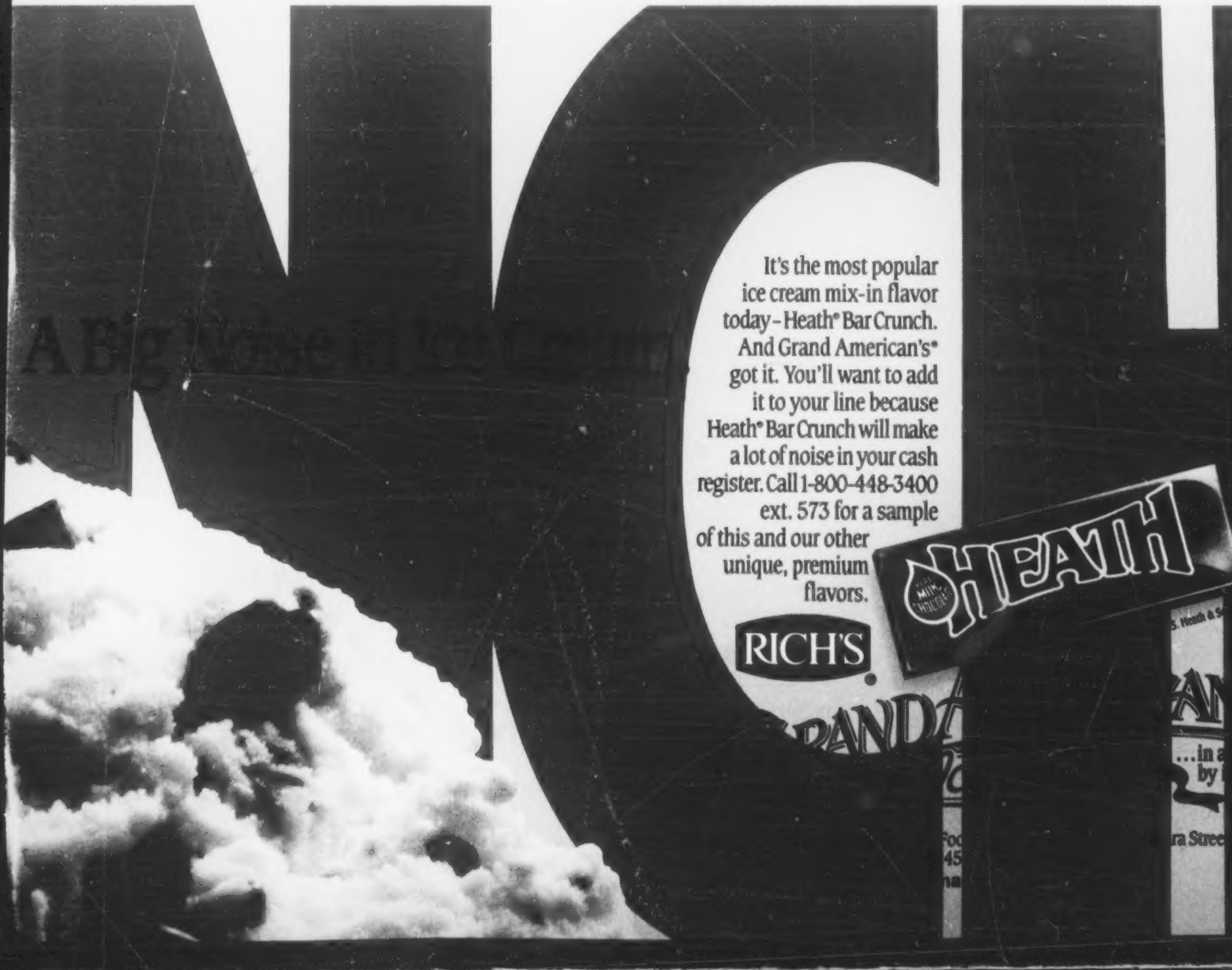

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RICH'S

MARKET SEGMENT REPORT

Ice Cream & Yogurt

company derives about 65% of sales from food and 35% from ice cream.

Friendly is also testing soft-serve frozen yogurt in a few units. Says Sauve, "We have been very pleased with the results and plan to expand the test to another six units."

The company recently scored a success with its new Hot Apple Pie Cobbler sundae, and is planning to introduce six more sundaes. Friendly is also marketing its take-out products such as ice cream cakes and pies. "We've begun personalizing the cakes and pies, and that has proved very successful. We will also be advertising these frozen products more aggressively," says Sauve.

Instead of expanding the number of units it has, Friendly plans to concentrate on upgrading and improving its current units. "Refurbishment of our stores will take up our attention for the next couple of years," says Sauve. Friendly posted sales of $600 million in 1988.

Frozen novelties have increased take-out sales.

Another well-established ice cream chain, Yonkers, NY-based Carvel Corp., is also beginning to market its frozen yogurt and low-calorie products—Thinny Thin and Lo Lo—more aggressively. These products have been on the menu since 1972, but the 800-unit chain is giving them a new push to answer strong competition from frozen yogurt. Carvel was one of the pioneers of the ice cream franchise business with its product line of soft-serve cones, sundaes, and milkshakes, as well as premium-quality dipped ice cream.

DOUBLE-DIGIT INCREASES. The 280-unit, Teaneck, NJ-based Häagen-Dazs Ice Cream Co. reported sales of $70 million last year, with average unit sales of $240,000. Parent Pillsbury was acquired by Britain's Grand Metropolitan PLC last year. Though Häagen-Dazs has had some difficult years, it has now stabilized its number of units and will build 25 stores in 1989, according to president Ben Silloway. "Our objective is double-digit sales increases in our stores," he says.

Silloway predicts some very competitive times ahead. Häagen-Dazs' edge will come from its variety of flavors, as well as its frozen yogurt and a new line of soft-serve ice cream with 16% butterfat and very low overrun. Silloway notes that the company's new chocolate flavors with real Belgian chocolate have already increased sales.

Häagen-Dazs offers waffle cones and sundaes in addition to regular cones and cups. Its Create Your Own Ice Cream Bar has also proved successful, as has a line of cakes.

Silloway notes that the yogurt line already accounts for 15% of sales and that most of that business is incremental. A fruit-and-yogurt luncheon platter is slated for introduction.

With sales of $31.8 million in 1987, Vermont-based Ben and Jerry's currently operates 70 units, 65 of which are franchised. The company offers 34 flavors in 2.5-gal. bulk containers and 12 flavors in prepacked pints. It also offers novelties such as the Peace Pop (chocolate-coated ice cream bars, priced at $1.69) and the Brownie Bar (priced at $1.35).

Ben and Jerry's will target 10 markets for growth, including New York City, Boston, Philadelphia, Miami, San Francisco, and Los Angeles.

CLASSIC STRAWBERRY
ULTIMATE CHOCOLATE
MERRY MINT
FUDGE

Friendly offers take-out items such as these single-serve sundaes.

Another superpremium marketer, Steve's Ice Cream, has just added the 100-unit, California-based Heidi's Frogen Yozurt to its fold, which already included the 325-unit Swensen's. Swensen's and Steve's both moved their headquarters to Andover, MA, last year—Swensen's from Phoenix and Steve's from New York City.

Swensen's has built a reputation in the West and Southwest as "The Sundae Architects" with its line of Earl's Custom Combination flavors such as Chocolate Macadamia Nut. The chain hopes to build 25 to 30 new stores in New England, Florida, and California. Currently, Swensen's has 225 franchised units, 80 overseas units, and four company-owned units.

PIONEER. Steve's currently operates about 100 Steve's Ice Cream stores, and is considering adding food to its product mix. The chain pioneered the mix-in concept with its high-butterfat ice cream and mix-in candy toppings.

Utica, MI-based Tastee Freez International, a three-tier franchisor of 430 Tastee Freez units, is exploring growth opportunities outside of its traditional soft-serve business.

According to Chris Raab, director of marketing, Tastee Freez has just entered into an agreement with Love's Country Stores (Musket Corp.) to put soft-serve and hard ice cream lines into its stores. Two units are in test. The company also has a tandem operation

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with three or four Mr. Donut units in Quebec, Florida, and Minneapolis.

Raab reports that franchising efforts for the Tastee Freez Heritage units (fast service, full menu) have been "quite successful." Eight Heritage units were opened in 1988, and Raab predicts these franchisees will become multi-unit operators. Tastee Freez Heritage units report average unit sales of $350,000. Products include the ¼-lb. Big Country Beef Burger and a grilled chicken breast sandwich. "We're in a shrink-to-grow pattern by losing a few of our old walk-up units," adds Raab.

Like many of its competitors, Tastee Freez is also thinking about soft-serve yogurt, although Raab notes, "We haven't ruled out the possibility of hand-dipped yogurt. We have hard ice cream in about 60 stores and we are looking to grow that, though it's a heavy investment in equipment."

Tastee Freez units make their own ice cream on-premise, a competitive edge. The dipped ice cream comes in flavors such as Walnut Brownie Bash, Brazen Rum Raisin, and Heath Flavor. Also on the menu: a Freezee (priced at $1.45 to $1.95), which is soft serve in a cup mixed with candies, bananas, or other toppings.

Tastee Freez is a subsidiary of De Novo Corp., which also owns 40 Dairy Isle stores, and the Dogs 'n Suds chain.

TRADITION. The 75-year-old, Boston-based Brigham's Ice Cream is another chain considering adding frozen yogurt to its menu. Says company president Richard Silva, "We introduced hard frozen yogurt in the early 1970's, but it was not a big seller."

Brigham's units offer breakfast and lunch food items with waitress service in a traditional ice cream parlor setting. Brigham's ice cream is 15% butterfat and is available in about 20 flavors, including Frozen Pudding, Egg Nog (with dark rum) and Peppermint. Silva notes that a recently introduced diet product, "Brigham's Light," has had only marginal success.

Baskin-Robbins has been stimulating sales with product innovations; stores offer a selection of 31 flavors at any one time.

Brigham's recently franchised 16 of its company-owned stores, mostly to store managers. It has five new locations sold, as well. A new store design incorporates a 1950s-style ice cream parlor decor that has been implemented in about one third of the stores.

With some 70 units in operation, Brigham's posted sales of $30 million in 1988. Brigham's sells about one million gallons of ice cream in its restaurants each year, and sells an equal amount to supermarkets.

"We see yogurt as our salvation," says Brent Rumple, president of the three-unit, Indianapolis-based Strawberry Hill Ice Cream Co. Rumple introduced a premium hand-dipped yogurt to the product mix of superpremium ice cream and ice cream bars. Strawberry Hill Ice Cream comes in over 170 flavors, with 21 flavors available at any given time. Yogurt is available in four flavors. Novelties account for about 25% of the company's business.

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Low-and no-fat frozen products are becoming popular.

MARKET SEGMENT REPORT

Ice Cream & Yogurt

The stores also offer light sandwiches.

Strawberry Hill Ice Cream Co. sales in 1988 were over $900,000, including its wholesale ice cream business. The company plans to move into franchising in the near future.

When it added yogurt to its name, Des Plaines, IL-based Bresler's Ice Cream and Yogurt made a strong statement about the addition of yogurt to its product line. In its 300 units, the chain offers 17 flavors of Bresler's Gourmet soft-serve yogurt, which now accounts for from 10% to 50% of sales. Bresler's is working on a no-fat, no-cholesterol, no-lactose, reduced-calorie product, to debut in 1989, according to president David Lasky. An extension of its superpremium Royal Cremes line is also being considered.

DRIVE-THRUS. The 42-unit Twistee Treat chain set itself apart from the frozen product crowd when it added drive-thru capability to two units, and it is considering the possibility of retrofitting existing units. "We will always offer drive-thru capability as an option in new freestanding units," reports president Steve Townes.

The Ft. Myers, FL-based soft-serve company is also building in-line mall shops that are dramatically different from its cone-shaped freestanding stores. There are eight variations of parlor-type mall units, which also offer baked goods and novelties on a stick.

Twistee Treat offers 80 flavors of 10% butterfat soft serve, which accounts for 50% of sales. Typical units have six to eight serving ports and the flavors can be changed daily. The stores also offer 25 flavors of Trim-Treat, a low-calorie, fructose-based, nondairy frozen dessert product, with no cholesterol and no fat. This product garners about 25% of sales and is the company's fastest growing product area, according to Townes.

Twistee Treat has just introduced yogurt in 20 flavors; it is already running at 10% to 13% of sales. Gourmet cookies and ice cream cakes (in test) round out the product line.

Ice cream units grew by about 3% in 1988.

"Last year was a good year for us, particularly in portion-controlled specialty products," says Steve Capece, vice president of marketing for Staten Island, NY-based Sedutto, a division of Schrafft's Ice Cream Co. Schrafft's is a packaged ice cream label while Sedutto is known for Italian ice cream specialties such as spumoni and tortoni, as well as bulk ice cream.

Sedutto ice cream is dipped by 150 to 200 independent operators in the New York metropolitan area. Another 15 operators license the Sedutto name. There is no fee involved—the operators can take on a branded identity as long as they maintain standards.

Sedutto's product line includes: Tartufo, $2.50 to $4; Mud Pie; and an ice cream *bombe*. The company recently introduced Sedutto Soft Serve Gourmet Frozen Yogurt. It accounts for about 5% of sales.

Atlanta-based, 30-unit Gorin's Homemade Ice Cream has built its reputation on homemade products, so, as company chairman Mark Kaplan relates, "a year ago, when we knew a segment of our customer base was calorie-conscious, we considered bringing in a stainless steel machine to serve frozen yogurt, but it didn't fit our homemade image." Instead, the company routed former Hood Ice Cream executive Walter Simonson, the man credited with inventing frozen yogurt, out of retirement to create a frozen yogurt consistent with Gorin's image.

"The response has been fabulous," claims Kaplan. The hand-dipped product accounts for 20% to 25% of Gorin's frozen-dessert business. The chain also offers sandwiches, but ice cream products account for 55% to 60% of its sales.

SETTING THE PACE. Setting the pace for the rest of the frozen yogurt industry is Little Rock, AR-based The Coun-

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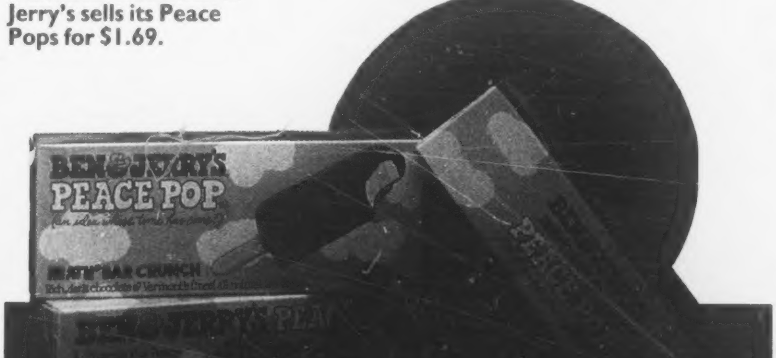
Vermont-based Ben & Jerry's sells its Peace Pops for $1.69.



MARKET SEGMENT REPORT

Ice Cream & Yogurt

try's Best Yogurt (TCBY). The 1,175-unit chain added 350 stores in 1988, and plans to do the same in 1989—almost exclusively through franchising. The company has 12 Canadian units, plus one in the Bahamas and one in Taiwan.

Hurst reports average unit sales of $224,000 and average checks of $2.40. Systemwide sales for 1988 were $210 million.

TCBY's product line includes soft-serve frozen yogurt in 29 flavors served in cups, cones, waffle cones, and sundaes, and on Belgian waffles. It also has a Lite Bite line of reduced-calorie yogurt desserts. Winter Warmers, including a mini-Belgian waffle, Bananas Foster, and Hot Fudge Brownie, are being marketed during cool weather months. The company also is testing a line of cakes. All TCBY yogurt is manufactured by its manufacturing facility, Americana Foods.

Most TCBY units are in-line units with seating available, though there are about 12 freestanding units.

Penguin's Place, the Thousand Oaks, CA-based frozen yogurt chain, intends to dominate the Los Angeles market by concentrating growth there in 1989 with an additional 25 units. The 125-unit chain offers soft-serve yogurt with over 30 toppings. "Over half of our customers order toppings on their yogurt," says president Bill Hawfield. Penguin's Place also sells hard-pack quarts and pints, and is working on a cake and pie program. The company posted systemwide sales of $35 million in 1988.

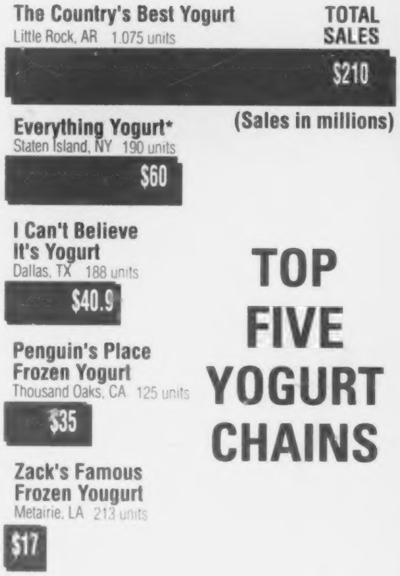
FOREIGN EXPANSION. One of the leaders in franchising outside the U.S. is Metairie, LA-based Zack's Famous Frozen Yogurt. With three stores open in Tokyo and three to five stores slated to open in Taipei, Taiwan, Zack's looks to international development as an area of major interest. The company has 30 stores in Canada and expects to have 80 opened there by year's end. New Zealand, Korea, and Australia are also targeted for development.

The reason for the foreign push? "Products such as these just don't exist over there," says president Steven A. Watts. "The devalued dollar and the mystique that American franchised food companies have make us very marketable."

Zack's president foresees a major shakeout in the yogurt industry in the next few years that will "consolidate the industry to four or five major players. Yogurt will continue to erode ice cream's base until it reaches about one third of ice cream's market," Watts predicts.

Zack's offers waffle cones ($2.09), a Flurry (yogurt mixed with fruit or candy, priced at $2.10), Zackwiches (cookies sandwiched with yogurt priced at 89¢), and 29 flavors of soft-serve yogurt—with six flavors available daily. The company also plans to roll out hard-pack frozen yogurt with blended-in fruits, nuts, and flavorings.

TOP FIVE YOGURT CHAINS



* Includes Bananas Frosty Fruit Shake Sales

Watts reports average units sales of $180,000 and 1988 systemwide sales of $17 million.

The Staten Island, NY-based Everything Yogurt chain has learned a lot in its 14-year existence. Being "the oldest yogurt company in existence" has taught company president and founder Richard Nicotra that there is a danger in being "one-dimensional." For this reason, Everything Yogurt units are nearly always in tandem operation with its sister concept, Bananas Frosty Fruit Shakes.

Everything Yogurt markets yogurt with fresh fruit, granola, and carob chips instead of candy mix-ins. The menu also offers sundaes, shakes, cones, salads, pita bread sandwiches, quiche, and fruit juices. The average check is $2.95 in a mall unit, $4 in a downtown location. Annual unit sales range from $30,000 to $1 million, depending on the location.

SHAKE IT UP. Everything Yogurt's Bananas Frosty Fruit Shakes units offer frozen fruit drinks such as bananaberry, strawberry, honey and fresh fruit, piña colada, and Super Fruit. The shakes are priced according to size, at $1.10, $1.50, and $1.85. There are 100

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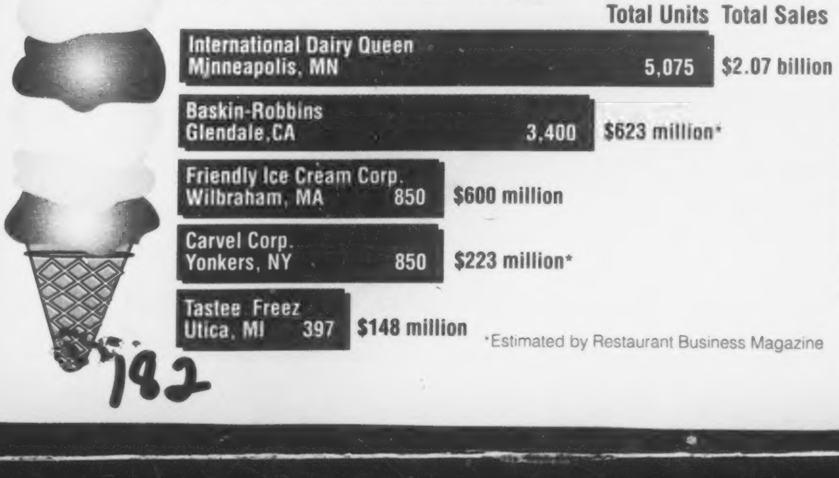
TOP FIVE ICE CREAM CHAINS



*Estimated by Restaurant Business Magazine

Bananas Frosty Fruit Shake units.

Everything Yogurt reports 1988 sales of $60 million. Though it has no foreign units yet, Nicotra says the company is looking at Japan, Korea, and Europe.

The 180-store, Dallas-based I Can't Believe It's Yogurt serves up its product in a variety of guises, including frozen yogurt pies.

Fast-growing Atlanta-based Perkits Yogurt is a 69-unit chain with big plans. It has over 400 new stores under development here and abroad, focusing on the Pacific Rim, South America, and Europe.

Frozen yogurt units grew by 400%.

The company, which was founded by brother and sister Perk and Kit Evans Henderson in Cleveland, TN, prides itself on the quality of its product. The menu includes waffle cones, Belgian waffles topped with fresh fruit, sundaes, banana splits, taco and chef's salads, and Snow Blasts—frozen yogurt with toppings "blasted in" by a special machine.

The restaurants also offer a line of party cakes and pies, and most units have a special "party room." Many of the units also have drive-thrus, which have accounted for sales increases of up to 30%.

Perkits recently recruited Richard Reinhard to be president of the company. Reinhard is a former 7-Eleven executive who is credited with leading the convenience store chain into the fast-food market.

The company also has a master franchise program in which area developers share in the profitability of the franchises in return for providing greater accountability between the franchisor and franchisees.

These factors give Perkits Yogurt what it believes to be the competitive edge it needs to sustain its ambitious growth plans. Company sales reached $6.8 million in 1988, with average annual unit sales of $225,000.

Another brother and sister team is responsible for the 180-store I Can't Believe It's Yogurt (ICBIY) chain, headquartered in Dallas. Julie and Bill Brice are president and chairman, respectively, of the 10-year-old company.

ICBIY units offer six to nine flavors of frozen yogurt daily, along with waffles, waffle cones, shakes, Fruit Smoothies, Parfait Delights, and pies. The average check is $1.75.

ICBIY recently introduced a no-fat, no-cholesterol yogurt, which increased average unit volumes substantially.

The company currently has 187 units, all but eight of which are franchised, and has plans for an additional 300 units by the end of 1989.

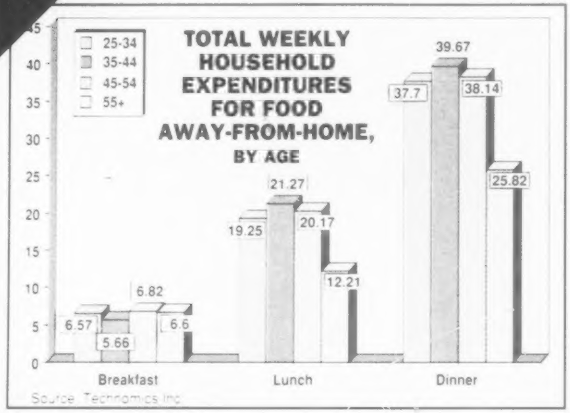
Another Dallas-based company, 18-unit I Love Yogurt, features Soft Swirl cones; 30 toppings of nuts, cookies, candies, and fruit; Yogurt Sippers; and sundaes, sandwiches, soup, and chili.

According to president Jeff Frankel, "Our yogurt sales account for 70% to 75% of our business." Average annual unit sales are $200,000, and 1988 sales were $2.5 million. Frankel expects to build nine or 10 stores in Texas, Oklahoma, and Missouri.

HERE TO STAY? Only time will tell whether or not frozen yogurt is a product with staying power. Certainly, many large corporations have invested a lot of time and money researching its appeal.

Frozen yogurt's low-cholesterol and low-fat qualities are benefits that are likely to grow in importance to the consumer. And the marketing savvy and product innovation displayed by the fast-growing yogurt companies should keep consumers' interest piqued for some time to come. ▪

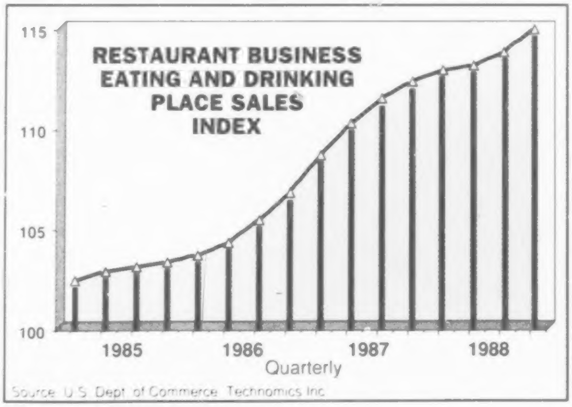
LATELINE



Source: Technomics Inc.

TOTAL WEEKLY HOUSEHOLD EXPENDITURES

In a special mail-out survey of 1,400 adults nationwide, Technomic Inc. identified that expenditures for dining out tend to vary between age groups and, not surprisingly, dayparts. Adults spend up to seven times as much on dinner as on breakfast. However, the 35- to 44-year-old age group spends more on lunch and dinner than on breakfast (on a weekly basis). It is alarming that the 55+ age group spends the least of all adult groups per week because they are the fastest growing age group in the U.S.

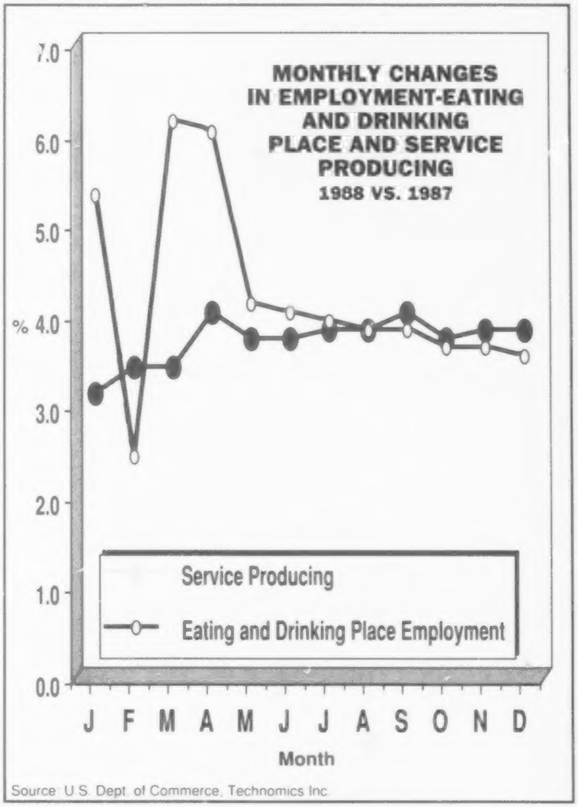


Source: U.S. Dept. of Commerce, Technomics Inc.

RB EATING AND DRINKING PLACE INDEX

The *Restaurant Business* magazine Eating and Drinking Place Index shows real sales trends, adjusted for seasonality and inflation, through a 12-month average.

The base year is the average of 1982 to 1984 for both sales and prices. For December 1988, the index stands at 114.86—which shows that real eating and drinking sales are up 14.86% for the quarter ended December 1988 (versus the average deflated sales for the period from 1982 through 1984).



Source: U.S. Dept. of Commerce, Technomics Inc.

'88 EATING AND DRINKING PLACE EMPLOYMENT

Preliminary reports from the U.S. Department of Labor show that employment at eating and drinking places increased 4.2% in 1988 over 1987, compared with just 3.7% for all service industries. Much of this growth was due to the robust increases during the first five months of the year, with the notable exception of February.

Over the last seven months, employment growth at eating and drinking places has mirrored that of all service industries. In December, eating and drinking places employed 6.4 million people, which represents 7.7% of all service industries and 5.9% of total nonagricultural U.S. employment.

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1989 BUSINESS LEADERSHIP AWARDS

[illegible]

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BOB ROSENBERG
DUNKIN' DONUTS
RUTH FERTEL
RUTH'S CHRIS STEAKHOUSE
STEVE ELMONT
CREATIVE GOURMETS
CARL MOTTEK
HILTON HOTELS
TED BALESTRERI
RESTAURANTS CENTRAL
Restaurant Business
WIN A TRIP FOR TWO

SWEEPSTAKES!

FOR DETAILS SEE PAGE 24

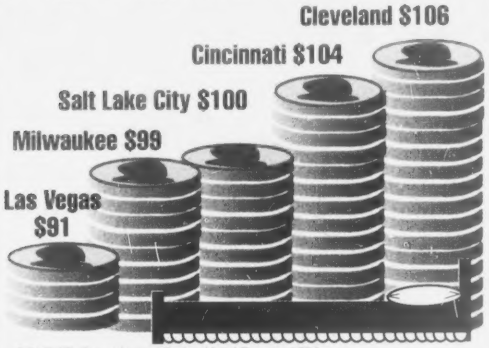
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

LEAST EXPENSIVE HOTEL CITIES

One night's average double room, 1988



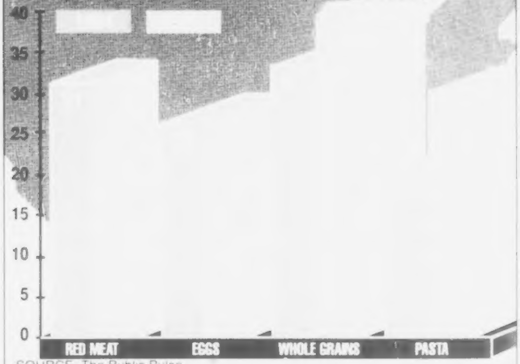
SOURCE: Zagat United States Hotel Survey, 1988

Where To Stay And Hardly Pay

Rounding out the Top 10 least expensive hotel-room cities are Hartford, CT ($107); Nashville ($108); Louisville ($108); Baltimore ($110); and Atlanta ($111). In addition to finishing second in average price, Milwaukee topped the Zagat survey's "Bang for the Buck" quotient (in which a hotel's overall quality rating is divided by its cost). Following Milwaukee on this scale were, in order, Las Vegas, Nashville, Atlanta, Salt Lake City, and Memphis. Among the *most* expensive hotel cities: New York ($167), Los Angeles ($150), and Miami ($148) head that list.

FOOD CONSUMPTION

% of consumers who eat "a lot" of these foods.



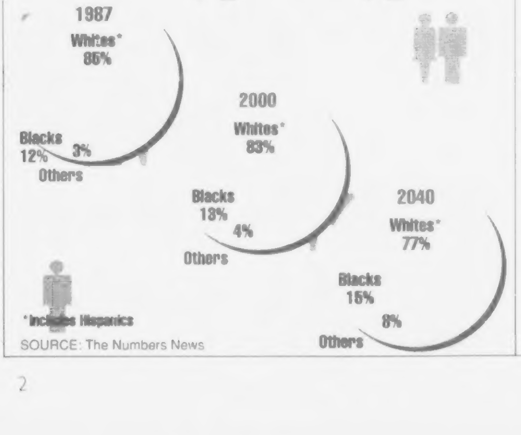
SOURCE: The Public Pulse

Americans Say They Are Eating Healthier

Americans' pursuit of a more healthful lifestyle, according to *The Public Pulse*, shifts from exercise to diet as one slides into middle age. Indeed, older people are "much more careful" about the foods they eat. Consumers appear to be opting for moderation, opining that their ideal diet now includes only a "very small amount" of red meat and eggs. Foods like pasta and whole grains are being eaten in greater quantities both for their reduced caloric content and as sources of energy. The much-reported "greying of America" should only escalate the current consumption trends.

U.S. RACIAL COMPOSITION

% of total population, 1987 to 2040



*Includes Hispanics

SOURCE: The Numbers News

New Opportunities For Niche Marketers

With niche marketing gaining more and more importance among foodservice operators, the changing demographic composition of the United States will continue to play an increasingly vital role. America is shifting to immigration as its major source of population renewal. By 2019, immigration will add more to America's population than natural increase (births) will. Most immigrants will come primarily from Latin America and Asia. Hispanics (included in the "whites" category) will account for more than 17% of the population of the United States by 2040.

RESTAURANT BUSINESS

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Cover illustration by Javier Romero

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REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1988 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*

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IN THE NEXT ISSUE

COVER STORY

OUTLOOK: THE 1990s

As the decade draws to a close, *RB* turns to the experts to find out what to expect on several fronts that have a direct impact on the foodservice industry, including consumer trends, the economy, technology, labor, and competition throughout the 1990s. But perhaps the biggest issue of the coming decade promises to be the crisis in solid waste management, which will be examined in depth in a special section.

MARKET SEGMENT REPORT

MEXICAN

Although Mexican food has emerged as one of the nation's favorite ethnic treats over the past decade, the segment is still vastly underexploited. Entire pockets of the country, in particular the Northeast, middle Atlantic, and Southeast, are virtually untapped, and Americans have yet to plumb the depths of authentic fare.

MENU IDEAS

DAIRY

In the next issue, food editor Scott Allmendinger shows operators how to say "cheese"—and milk, butter, and other dairy products, all cost-effective ingredients with superior nutritional properties.

DRAFTS, CARAFES & SPIRITS

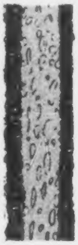
WINE-MATCHING DINNERS

Many operators are realizing the merchandising potential of pairing wine and food, and are developing special promotions, programs, and menus to spotlight this felicitous marriage.

GET
THE NEW
TOUGH
SCOUR
NYLON
SOAP PAD

FROM
SYSCO

If you use steel wool soap pads for your commercial kitchen cleanup, you'll love the new **Tough Scour** nylon soap pad from Sysco. This durable pre-soaped scrubber has a special three layer construction to give you maximum cleaning power.



Two nylon scrubbing surfaces surround a soft, absorbent sponge center designed to distribute long lasting, grease-cutting liquid detergent. Sturdy construction makes one **Tough Scour** last as long as five steel wool pads – it's the ideal scrubber for steel wool soap pad users!

The **Tough Scour** nylon soap pad is now available through your local Sysco Food Service Supplier.

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Houston, TX 77077

For information circle number 194

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MARKET SEGMENT REPORT

BY JACQUE KOCHAK

Fallbrook, CA-based Cindy's Cinnamon Rolls sells giant cinnamon rolls.

There is no question that a tremendous market exists for fresh-baked breads, cinnamon rolls, cookies, muffins, pies and other treats. The question is whether there is room for all the specialty retail bakeries reaching for a piece of the pie.

"I think you're going to see a landscape strewn with the bones of some specialty bakers who assume they found a way to monopolize a trade area," is the ominous opinion of Kevin Murphy, vice president of La Mirada, CA-based Winchell's Donuts.

Restaurants that serve baked goods are flourishing, as are some specialty retail bakeries. Some of the news is troubling, however, and the picture is decidedly mixed. For example, a number of companies that boasted ambitious growth plans a year ago have cut back expansion dramatically, and many have even closed units.

At least two cinnamon roll purveyors that were touting expansion plans less than a year or two ago have succumbed to bankruptcy. Yet other companies report that sales are holding up, and they are continuing to expand.

One cinnamon roll purveyor is said to be experiencing difficulties, while another is reporting its best year ever, and yet another is vowing to continue its move out of shops and into supermarkets.

"It is very difficult to succeed in the specialty bakery business. We're one of the few companies that have. Some of the new bakeries will succeed, and some will fail," says Sid Feltenstein, vice president of marketing for Randolph, MA-based Dunkin' Donuts.

"There's definitely some shakeout among the weaker companies. This is a very competitive business," agrees Ken Hill, president of Kansas City-based T.J. Cinnamons, which started life as a cinnamon roll concept but is steadily moving toward more variety.

A look at history indicates that such a shakeout is to be expected, however. First donut shops attracted then sated the customer's sweet tooth. Some of these limited-product retailers metamorphosed and grew, while others floundered.

Then came the cookie shops, which followed the same pattern. Now the cinnamon roll shops that garnered so much attention a couple of years ago are evolving and changing, with weaker players dropping out.

"It is so easy to get into the specialty retail bakery business, but it is much harder to make money," notes Thomas

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Dunkin' Donuts has broadened its appeal with new items such as this croissant sandwich.

Barbee, president of Memphis-based Cinnamon Corner Ltd., which operates eight bakery cafes in that area. "The numbers are not as big as other operations that we have been involved in, and the learning curve is steep."

THE PROBLEM. There seem to be plenty of hungry customers. The problem is that competition for suitable high-traffic locations, especially in regional malls, is intense. Rents are sky-high in malls and major urban business centers, and it is difficult to capture the volume necessary to justify the rents.

"We are very real estate cost-conscious. Rents are going to have to come down substantially to make operating a single-product small retail bakery worth anybody's time," says David Liederman, president of New York City-based David's Specialty Foods, formerly David's Cookies.

One way that David's is coping with the rent crunch is to group several brand names in one location. A Washington, DC, unit combines David's Cookies, Steve's Ice Cream, and Colombo Yogurt outlets under one roof. "The reason is purely economic," says Liederman. "One manager runs three concepts, so that the total gross is much higher."

The reason that high-traffic locations are such an important factor in the specialty retail bakery business is that drawing the customer out of his way to purchase baked goods has proven nearly impossible.

"We're crunched on all fronts," says Winchell's Murphy. "The largest hurdle for us to overcome is giving customers a reason to stop at our stores, when they can just buy their fresh baked goods at supermarkets."

THE IMPORTANCE OF QUALITY. One thing is clear: Customers are becoming ever more sophisticated in their tastes; they know and expect quality. Success in the bakery business depends on quality.

"I would not want to be located in a mall, paying the rents we're paying, if we were selling white bread," says Erik Gordon, president of Atlanta-based Great American Chocolate Chip Cookie Co. "Your name has to stand for something that is really good."

One boon to the bakery business has been the recent excitement about oat bran, which is said to reduce cholesterol. Oat bran adapts easily as an ingredient in cookies and muffins, and nearly every major retail baker has added oat bran products.

DONUT SHOPS. Dunkin' Donuts' success illustrates that a company that started life as a specialty retail bakery can thrive and grow on a large scale. The largest chain in the donut segment operates more than 1,500 units in the U.S. and 13 foreign countries.

The company has seen systemwide sales soar from $648 million in 1987 to $790 million in 1988, with per-store average sales increasing from $454,000 to $480,000, says Feltenstein.

He attributes the increases to a continuing program to expand Dunkin' Donuts' product line and upgrade units, coupled with improved advertising and better market penetration.

Since 1984, Dunkin' Donuts has introduced various new products such as cookies, brownies, muffins, and croissants. The company has also added drive-thru windows and express-service counters to remodeled stores.

Newest menu additions are nine varieties of filled croissants and oat bran muffins. This helped to stimulate business during dayparts other than breakfast, although Feltenstein acknowledges that the bulk of Dunkin' Donuts' sales still come in the morning.

The second largest company in the donut segment is 650-unit Mister Donut of America Inc., part of Minneapolis-based International Multifoods.

About 25% of Mister Donut's menu mix is comprised of baked goods such as brownies, cinnamon rolls, "gourmet" cookies, danish pastries, filled croissants, and specialty breads.

While Mister Donut's units are grouped in the Midwest and East, Winchell's Donut Houses, a division of La Mirada, CA-based Denny's Inc., operates most of its 670 units on the West Coast. Systemwide sales in 1988 were $144 million.

Winchell's vice president of marketing Kevin Murphy notes that while donuts are no longer a fad, they are almost as American as apple pie, and are viewed as a fun food and a comfort

continued on page 171

food. "Unfortunately, donuts violate a lot of nutritional guidelines," he says. "A company can't hinge its whole future on donuts."

In fact, donut consumption has been on the decline, Murphy notes. Winchell's has been picking up new business by adding new products. For example, the company recently added 11 varieties of muffins, ranging from blueberry to cheese to oat bran.

CINNAMON ROLL CONCEPTS. Kansas City-based T.J. Cinnamons, the specialty baker whose explosive growth has focused interest on the bakery segment in the last few years, now operates 230 units. Six are company-owned, with the remainder franchised. Growth has been especially strong in the East, says president Ken Hill.

Because the company is so dominant, T.J. Cinnamons is frequently the object of speculation among competitors. They note that the company, which has publicized ambitious growth plans, has closed some units while others seem to be flourishing.

Hill acknowledges that 19 units have closed, while another 50 are set to open in 1989. "Some of the units were closed because of location, and some because the franchisees were undercapitalized," Hill says. "A T.J. Cinnamons is better managed on a hands-on basis. Investor-operated units are not as profitable."

From the beginning, Hill has made clear his intention to expand the company's product line. T.J. Cinnamons' trademark product is an enormous, high-quality cinnamon roll made on the premises in front of customers. This year, that has been complemented by a full line of muffins, a full line of cookies, and a full line of brownies.

One specialty retail bakery that has stuck closely to its original calling is Atlanta-based Great American Chocolate Chip Co., with more than 300 units nationwide.

"Our product mix continues to evolve," says Hill. "I don't see this as a great departure, because I stated from the beginning that a company couldn't operate forever with a single product line."

Ten flavors of regular muffins as well as three flavors of oat bran muffins are available, selling for 99¢ to $1.19 apiece. Soft cookies come in all the conventional varieties, and cost about 69¢ each.

Despite the additions, Hill admits, T.J. Cinnamons' sales are running flat. So far, product line additions account for only about 20% of sales; that is growing steadily, however.

Like other specialty retail bakers, T.J. Cinnamons continues to seek out high-traffic locations such as regional malls and specialty centers.

Widely viewed as a tough competitor is Seattle-based Cinnabon, a division of Restaurants Unlimited. Cinnabon operates about 100 units, with more than half of them company-owned. Company units are located on the West Coast and in Hawaii; franchised units are scattered from Texas and Colorado in the West to New York, New Jersey, and Florida in the East.

Development plans call for opening 15 to 20 company stores in the next year, while franchisees are expected to open some 40 units. Almost all will be located in regional malls.

Cinnabon is probably the only cinnamon roll purveyor that has elected to remain focused on its original product. No other product is served; the most radical innovation is that Cinnabon has tested a smaller version of its Cinnabon, to be rolled out this spring.

The new cinnamon bun is about 40% of the original's size, and will be sold in packages of 15, according to Dennis Waldron, Cinnabon's executive vice president.

In addition to cinnamon rolls, Cinnabon offers specialty ground coffees, soft drinks, milk, and juices. The company is testing a signature drink called Mochabon, a chocolate/espresso milk-based drink with whipped cream, served over ice.

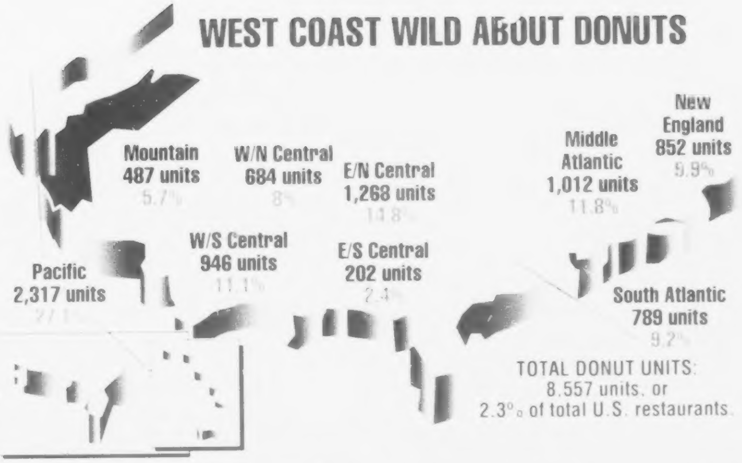
Although T.J. Cinnamons and Cinnabon are the largest companies around specializing in cinnamon rolls, two smaller companies have established a firm presence in the market. Very similar in concept, both Mrs. Powell's Delicious Cinnamon Rolls and Cindy's Cin-

continued on page 174

namon Rolls serve a cinnamon roll that is less "gourmet" and more bready.

Mrs. Powell's, founded in Idaho Falls, ID, was recently sold by founder Dick Powell to Boston-area businessman Peter Scaccia. The Powells felt that the company needed a stronger financial foundation. Growth over the last several years had been financed out of cash flow. Scaccia now serves as president while Powell focuses his energy on marketing and developing new franchisees.

The company currently operates 48 franchised units, with five more to open in the near future. Two new company stores will open in Massachusetts. In the last year, eight stores have closed because of poor locations.



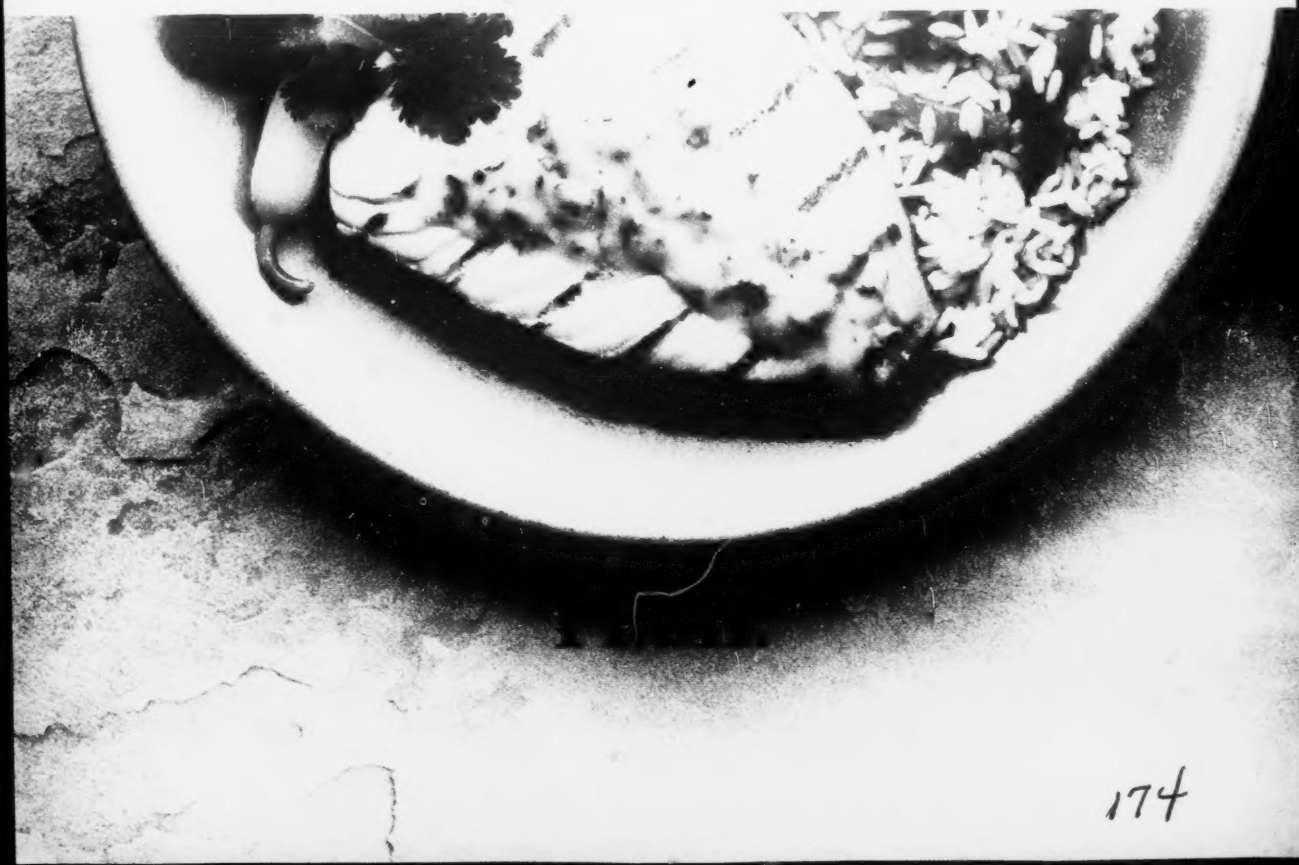
WEST COAST WILD ABOUT DONUTS

Mountain
487 units
5.7%
W/N Central
684 units
8%
E/N Central
1,268 units
14.8%
Middle Atlantic
1,012 units
11.8%
New England
852 units
9.9%
Pacific
2,317 units
27.1%
W/S Central
946 units
11.1%
E/S Central
202 units
2.4%
South Atlantic
789 units
9.2%

TOTAL DONUT UNITS:
8.557 units, or
2.3% of total U.S. restaurants.

Because of concern about high rents and good locations in malls, Mrs. Powell's decided to try to focus on outside locations, says Powell. For now, 85 of units are still located in malls, but Powell says that percentage will change.

As part of the shift, Mrs. Powell's is attempting to build the luncheon daypart with a soup-in-a-loaf product, which is literally soup served in a loaf



of bread. Two or three soup flavors rotate daily.

Also expanding its menu is Fallbrook, CA-based Cindy's Cinnamon Rolls. While the centerpiece of the menu is still a big, bready cinnamon roll, Cindy's has added multilayered French puff pastries in such flavors as raspberry and nut. Cindy's also recently introduced a bear claw pastry filled with chocolate, as well as the ubiquitous oat bran muffin. In addition, a featured product is introduced every quarter. The current feature is a cherry-cheese roll with cream cheese frosting and cherries inside.

According to president Tom Harris, Cindy's sales are holding steady. Sales would have slipped without the addition of new products, he acknowledges. Cindy's continues to expand, with some 16 stores added last year to make a total of 52 units now open. All are franchised. Most of the company's recent growth has been in the Northeast, Harris notes.

COOKIES. David's Cookies, one of the original specialty cookie bakers, has opted to move steadily away from being a retail bakery since 1984.

At one time more than 150 David's Cookies operated in 22 states as well as in countries overseas. Liederman's company owned as many as 30 of the stores, but that number has been pared down to only one company-owned store. Some 100 other units continue to operate, with a newer company, David's Specialty Cookies, providing product.

The major focus of David's Specialty Cookies, however, has been to provide David's products to supermarkets and department stores. "There are a lot more of them, and they are more affordable than sites for retail bakeries," Liederman says. "As far as I'm concerned, small single-product retail bakeries are a thing of the past."

Park City, UT-based Mrs. Fields Inc.'s chairman Randy Fields was unavailable for an interview, but industry

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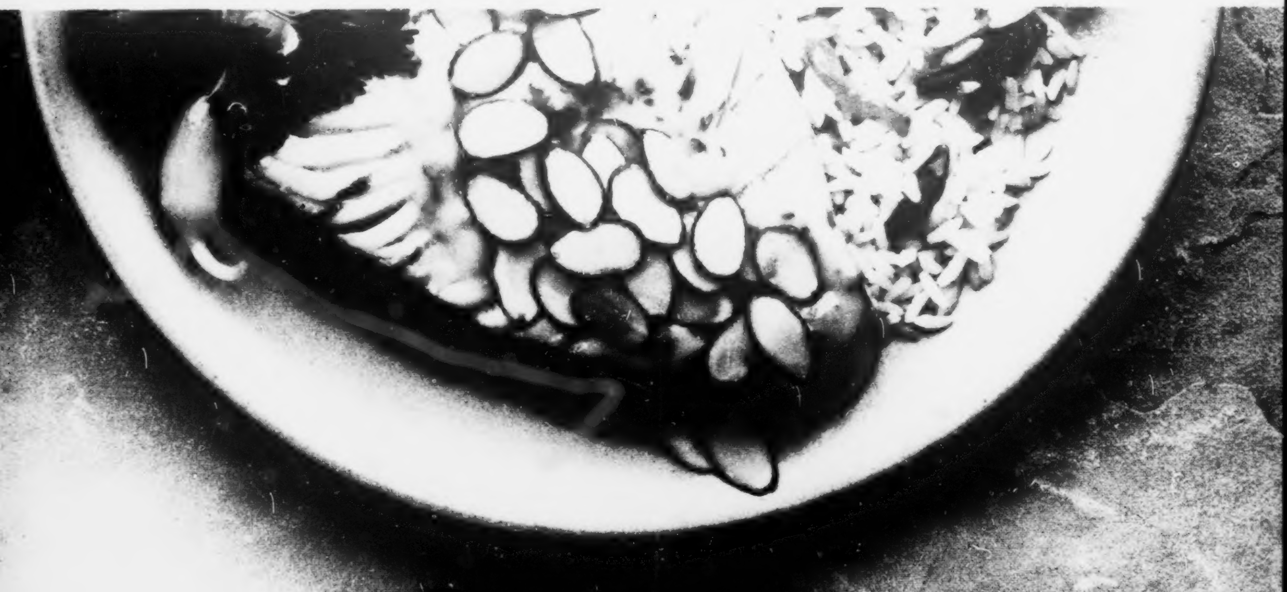

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observers say that the company is experiencing difficulties. According to a recent article in the *Wall Street Journal*, Mrs. Fields last year closed or made plans to close about 95 of its 600 cookie stores. In addition, the company reported sizable financial losses for 1988, and the price of its stock on the London exchange plummeted.

Competitors speculate that Mrs. Fields didn't react quickly enough to the changing specialty bakery market, and was slow to diversify into other product lines. Fields and his wife Debra, who is the company's chief executive, blame the financial losses solely on expenses related to opening a new combination store, which combines the Mrs. Fields concept with La Petite Boulangerie, a full-line bakery acquired from PepsiCo in 1987.

The company's future growth will focus on the combination concept; some 32 are already open, and the company plans to open as many as 30 more this year. The strategy is seen as risky, however, because the combination stores are three times the size of Mrs.

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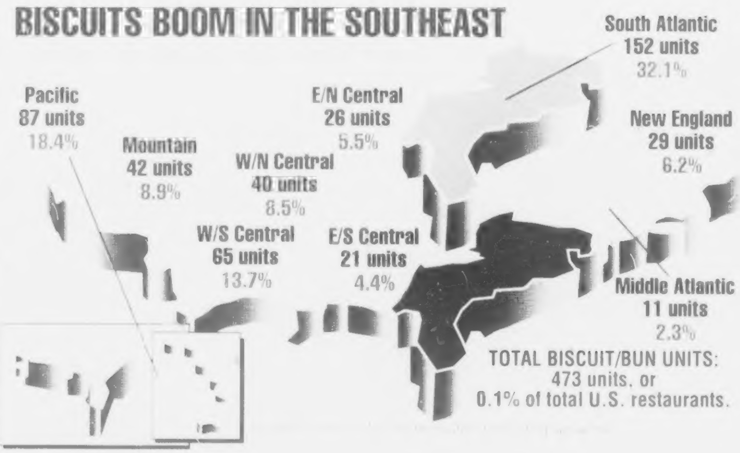
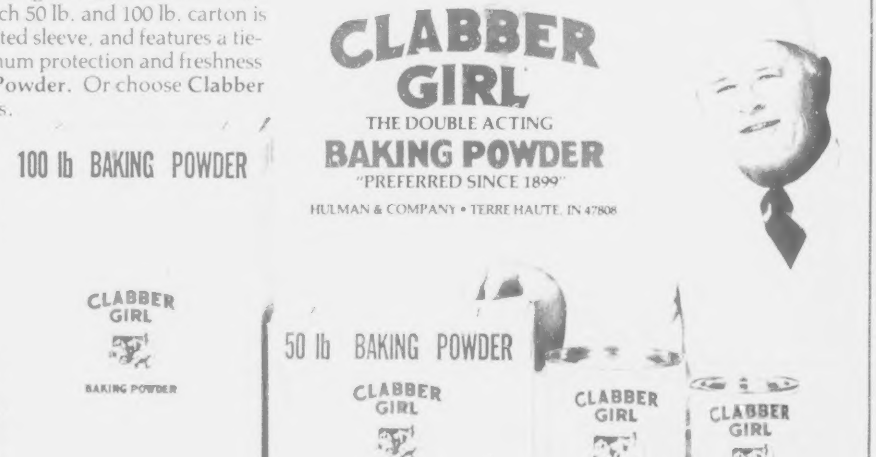


BISCUITS BOOM IN THE SOUTHEAST

Pacific
87 units
18.4%
Mountain
42 units
8.9%
W/N Central
40 units
8.5%
W/S Central
65 units
13.7%
E/N Central
26 units
5.5%
E/S Central
21 units
4.4%
South Atlantic
152 units
32.1%
New England
29 units
6.2%
Middle Atlantic
11 units
2.3%
TOTAL BISCUIT/BUN UNITS:
473 units, or
0.1% of total U.S. restaurants.



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For more information circle number 194

Fields' cookie outlets and, besides cookies, they sell a variety of baked goods, soup, bagels, and sandwiches. Massive retraining for both employees and management is necessary.

CONTINUED OPTIMISM. One specialty retail bakery that has stuck closely to its original calling is Atlanta-based Great American Chocolate Chip Co., with more than 300 units nationwide.

COO Erik Gordon continues to be optimistic about prospects for specialty retail bakeries, and well he might be. Although he is reluctant to disclose specific figures, Gordon says that Great American Chocolate Chip Cookie Co. just finished its best year ever in several areas. Not only have profit margins improved, but existing stores have posted their greatest sales increases ever, and more stores opened than ever before.

Dunkin' Donuts offers trendy oat-bran muffins to health-conscious customers.

The company's newest product is a cheesecake brownie, which has brought big incremental sales. Gordon is doubtful that Great American Chocolate Chip Cookie Co. will ever follow a strategy of diversification. "We see so much potential in the cookie business that we see no reason to chase anything else," he says.

MUFFINS. Muffins are viewed by some as holding more promise than cinnamon rolls, simply because muffins are much more flexible.

"Somebody is going to make some good money in the muffin business," says one bakery competitor. "But nobody has made a big mark yet. The field is still wide open."

One company that hopes to eventually make the big mark is Middlesex, NJ-based U.S.A. Treats Corp., which operates 20 mall units in the U.S. It is also the U.S. franchisor of Canadian Treats, which is a potent force there.

Treats offers six or seven varieties of muffins every day, in addition to three to five special flavors. Some 60 varieties are available in all, ranging from piña colada to chocolate pudding and cherries jubilee. And, of course, there is a trendy oat bran muffin.

Although muffins are Treats' signature item, only 30% of sales come from muffins. Another 20% to 25% derive from a cinnamon swirl product, and the remainder comes from a variety of products including cookies and a reformulated luncheon product, a stuffed bread.

U.S.A. Treats Corp. president Andrew Thorburn says that growth plans have been stymied by lack of capital and a poor money-raising climate. "It is discouraging, because store sales are increasing, and our products are very well received," he says. U.S.A. Treats Corp. also suffered in the process of taking over the U.S. license from a California company.

While Treats Canada opened 30 new stores in the last year, the U.S.A. Treats now has eight stores under construction. A number of new franchisees have been added in the last four months, Thorburn says.

Thorburn believes that not only is the precise location in the mall critical, but the size of the store is critical. "Either you open a very small unit, like 250 to 350 sq. ft., with no seating, or a 1,000-sq.-ft. unit with seating. Nothing in between," he says. "You have to have incredibly high sales in order to pay mall rents if you have a 750-sq.-ft. unit. The overhead is brutal, and the extra rent is a killer." He points out that in Canada, one mall unit measures only 90 sq. ft. Located in a converted bank teller station, the site receives baked goods from another area in the mall.

FULL-LINE BAKERIES. No company has really succeeded at operating a full-line bakery on a national basis. The Glass Oven, which tried a few years ago, failed. Vienna, VA-based Vie de France has gradually evolved from bakery-only to bakery/restaurants.

The market is largely dominated by local or regional bakers with a strong following, high-quality baked goods, and a few signature items.

Why is the national market so impervious to development? For one thing, a chain bakery must offer very high-quality goods to compete with locals, and the cost can be prohibitive. Either a high-priced, trained baker must be in

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residence at each location, or frozen dough must be shipped out.

The potential seems to be there, however. In Italy, for example, a company called Il Fornaio operates more than 1,500 bakeries throughout the country, and is now offering its goods through several outlets in California.

Operators who have tried to run full-line bakeries on a chain basis have also frequently been disappointed in the return on investment. Typically, they have started out as bakeries, and gradually added such line extensions as soups and sandwiches as they transformed their units into bakery/cafes in an attempt to boost sales.

One low-profile company that has shown that a bakery/cafe can succeed with the right approach and the right management is Boston-based Au Bon Pain. The chain has 60 cafes in Massa-

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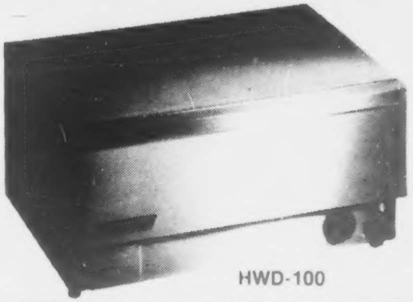
A pioneer of the cinnamon bun phenomenon, Kansas City-based T.J. Cinnamons, has greatly extended the scope of its bakery offerings.

roundup / Two Units that will Deliver an Improved Product and Reduce Waste!



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chusetts and New York State and Washington, DC, Philadelphia, Minneapolis, and Chicago. Sales in 1988 were $50 million; one unit alone grossed $3.4 million last year.

Au Bon Pain is clearly a quick-service restaurant, with customers lining up to place their orders at a counter, then being served quickly. Check averages are low. The emphasis is on high-quality fresh-baked goods, including croissants and breads.

The bakery products are incorporated into a menu that includes selections such as smoked turkey, chicken tarragon, and brie sandwiches; spinach-and-cheese croissants; cream of broccoli soup; fresh-squeezed orange juice; and cappuccino.

Owners Louis Kane and Ronald Shaich have centralized preparation in a South Boston plant. Products are frozen before rising, then delivered to the cafes. Baked products are proofed in warming ovens at units, then baked on premise.

Now that the concept has been proven, Kane and Shaich intend to expand to 130 cafes, with expected sales of $100 million by 1991.

A smaller company that has recently repositioned as a bakery/cafe concept is Memphis-based Cinnamon Corner Ltd., with eight stores open. Two company-owned stores are located in Memphis, with another in St. Louis. Franchised stores are located in New Orleans, Miami, Jacksonville, FL, and Butler, PA.

As the concept evolved, Cinnamon Corner added cookies, brownies, bagels, croissants, and coffee cakes, and last year added breads to its original product line. In some stores, hand-dipped ice cream has been introduced.

President Thomas Barbee says that Cinnamon Corner has finally made the transition to a bakery/cafe concept with the addition of deli sandwiches.

The transition from bakery to bakery/cafe happened about four months ago, with the object of increasing sales. "We don't feel that we have seen the full benefit of the changes yet," says Barbee. "Many of our locations are in spots with traffic available all day, not just at breakfast, but we didn't have any products to merchandise. So, we determined to expand our menu." Barbee expects the changes to increase sales by 15% to 20%.

RESTAURANTS WITH BAKERIES. Restaurants have always served baked goods, and with a renaissance of interest in fresh, high-quality bakery products has come an increased focus on baking in restaurants.

One indication of the popularity of baked goods is recent figures released by the National Restaurant Association showing that dessert orders in restaurants increased by 5.6% in 1988, following an increase of 3.2% in 1987. Between 1982 and 1987, desserts ordered in restaurants declined 1.3%.

While ice cream is the dessert of choice in restaurants (representing 51% of all dessert orders in 1987), baked goods are also quite popular when offered. Pies accounted for 11% of all dessert orders in 1987; cakes accounted for 9%; and cookies accounted for 8%.

Who is most likely to order dessert? Despite their penchant for calorie counting, the biggest fans of desserts are women, who accounted for 54% of dessert occasions in 1986, compared to 46% for males. The age groups most likely to eat dessert, according to the NRA, are 25- to 34-year-olds and 35- to 54-year-olds, who together represent 35% of dessert occasions.

The NRA adds that dessert displays—most frequently an array of scrumptious baked goods—are popular features offered at more than 10% of all tableservice restaurants.

And dessert is a hot item at fast-food restaurants, as well. According to a Gallup survey conducted for the NRA, dessert ranks third, behind salad and fruit, as the item consumers would most like to purchase from a food bar at a restaurant. Some 73% of those customers who have purchased items

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ous Cinnamo

Seattle-based Cinnabon, a division of Restaurants Unlimited, is the only cinnamon roll purveyor that has elected to remain specialized with its original product.

from a food bar said they would like dessert to be available.

A few chains and innumerable independents have made their reputations by offering a wide variety of fresh-baked goods. One of the best-known is Bakers Square restaurants, part of Denver-based VICORP.

Bakers Square restaurants began life a number of years ago as Poppin' Fresh, a division of Pillsbury. In 1983, Pillsbury sold the chain to VICORP, which then converted them to its own concept.

Then VICORP made national news by buying a large number of defunct Sambo's units with the stated intention of converting them to two of its concepts, Bakers Square and Village Inn. Swallowing such a large number of troubled units and attempting a turnaround took heroic effort, but Bakers Squares are now flourishing.

Some 151 units are now in operation, with 64 in the Midwest, 84 on the West Coast (these are converted Sambo's units), and three in Florida. The Sambo's conversion on the West Coast was finally completed last year, and some units are now so busy that atriums are being added to accommodate the overflow of customers, says Linda Baule, director of restaurant accounting.

Bakers Square restaurants specialize in pies, with up to 40% of sales of the average unit's $1.4 million annual gross being derived from bakery goods. Of that 40%, typically 20% comes from take-out, says Baule.

The menu includes from 26 to 30 pies, as well as cinnamon rolls, caramel rolls, and a couple of cakes. The company is also experimenting with cookies. Pie varieties range from apple and cherry for about $4.70 on up to an "Elite" line of extra-fancy pies priced at $8.25. Such favorites as pecan and banana cream cost in the $6 range.

Because of the skill necessary to provide high-quality baked goods, Bakers Square utilizes a commissary system. Nine commissaries operate in markets where Bakers Squares are located. Pies are baked every night, then delivered on trucks every day to restaurants. On premises, baked goods are displayed in refrigerated cases.

Fresh-baked goods are such an effective sales builder that VICORP has added pies to the menus at some Village Inns. In fact, commissaries that are used primarily for Village Inn restaurants are operating in Omaha, Orlando, and Phoenix.

The popularity of pies has led Lubbock, TX-based Furr's Bishop's Cafeterias, the second largest operator of cafeterias in the U.S., to open a second Furr's Pie Kitchen in Lubbock.

One Pie Kitchen has been open for 20 years, says president Don Fritz. At one time, seven or eight other Pie Kitchens were in operation, but over the years they all closed. Now, says Fritz, Furr's is carefully studying the concept as part of its expansion planning.

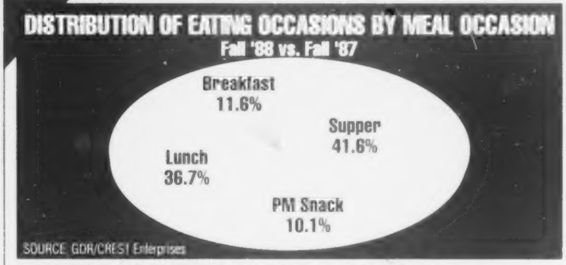
The menu features approximately 30 pies, ranging from traditional favorites such as apple or lemon meringue to more exotic specialties.

What does the future hold for purveyors of baked goods? It is clear that interest in baked goods will continue to grow, and any restaurant that successfully incorporates a baking program into its operations will probably reap benefits. The future of specialty retail bakeries is less well-defined, however. This is a tough business, but some will survive and prosper. $

David's
French
David's

Originally called David's Cookies, David's Specialty Foods now focuses on selling a variety of products to supermarkets and other outlets.

LATELINE

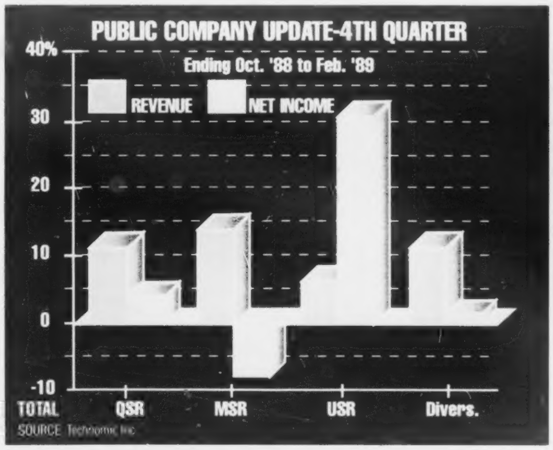


SOURCE: GDR/CREST Enterprises

DISTRIBUTION OF EATING OCCASIONS BY MEAL OCCASIONS

The distribution of eating occasions by daypart has not changed significantly when comparing fall 1988 to fall 1987. Dinner remained the largest daypart, representing nearly 42% of all eating occasions, but showed no growth in traffic counts. Similarly, lunch, which represents 36.7% of eating occasions, showed no increase in traffic counts.

Breakfast suffered a decrease of 3.0% in traffic counts in fall 1988 as compared with fall 1987, while the p.m. snack traffic counts increased 2.0%. Afternoon snacks now represent 10.1% of all restaurant eating occasions.



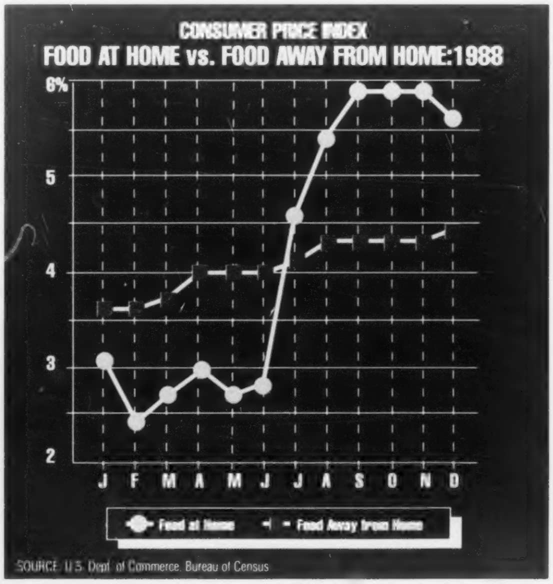
SOURCE: Technomic Inc.

PUBLIC COMPANIES: 4TH QUARTER RESULTS FOR 1988

Revenues from restaurant operations increased to a healthy 11.3% in nominal terms for the 90 largest publicly held restaurant chains during the 4th quarter of 1988 (ending October to February).

However, net income growth trailed revenue growth, increasing by less than 3.0%. The quick-service segment accounted for a modest 4.0% in income growth, even though this segment was led by a strong 16.8% increase by McDonald's. Thanks to robust revenue growth by a number of midscale chains, including Shoney's, Luby's, and Cracker Barrel, revenues jumped nearly 14%. Conversely, restructuring costs led to Shoney's $11 million decrease in income from last year's quarter. This was largely responsible for the 8.1% drop in income for midscale units.

Due almost entirely to strong performances by Chili's and TGI Friday's, net income for the upscale segment jumped 31%. Friday's had a 750% increase, to $3 million, while Chili's posted a 110% jump, to $2.7 million. The diversified segment (Collins Foods, PepsiCo, Pillsbury, etc.) includes results from restaurant operations only.



SOURCE: U.S. Dept. of Commerce, Bureau of Census

FOOD AWAY FROM HOME VS. FOOD AT HOME: 1988

According to the U.S. Department of Labor, the Consumer Price Index for Food Away From Home (FAFH) jumped a relatively modest 4.0%, whereas Food At Home (FAH) grew by 4.2% in 1988.

Closer observation suggests that FAH began the year with a smaller rate of growth than FAFH, but surpassed it in July with a monthly rate of 4.6%.

Prices for home consumption products grew steadily in the fall months, reaching an estimated high rate of 5.9% while the foodservice industry remained relatively unaffected.

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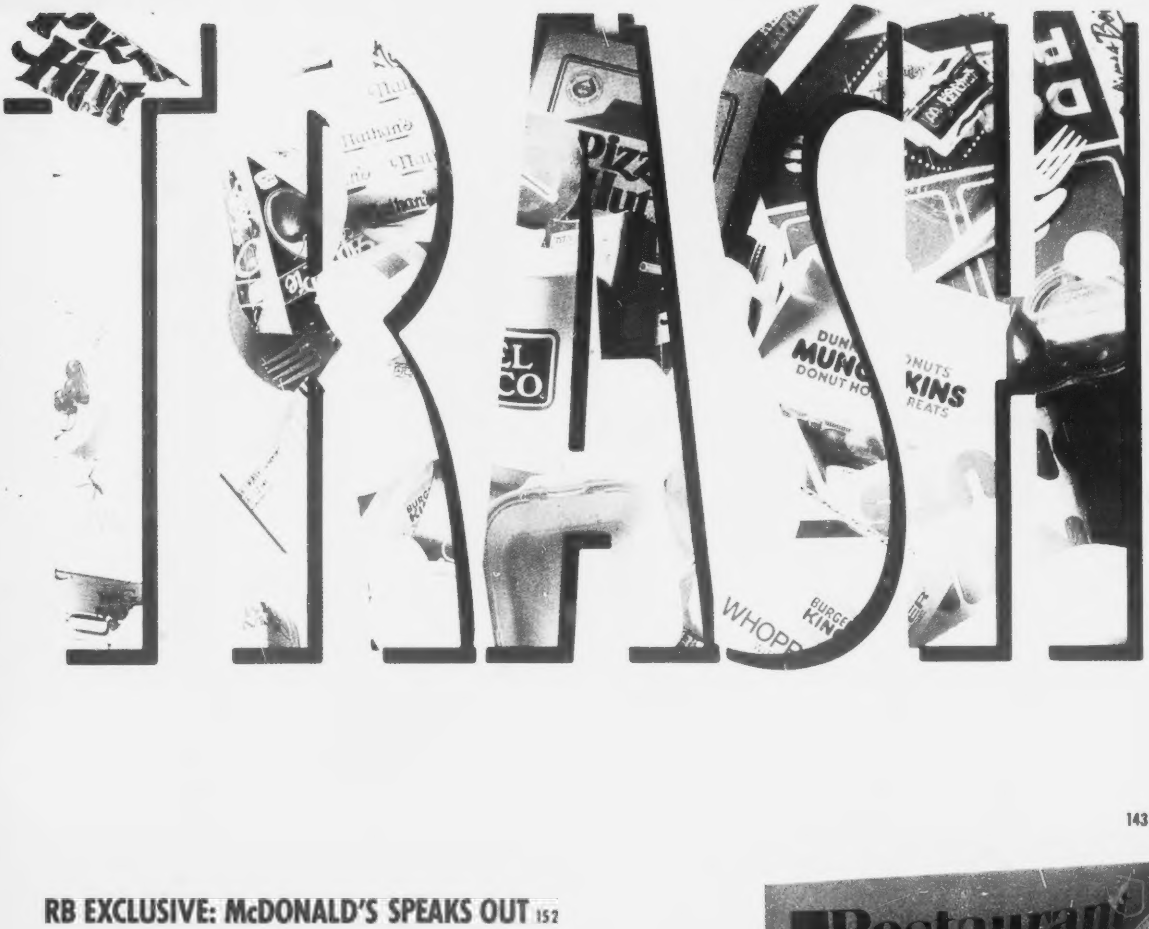

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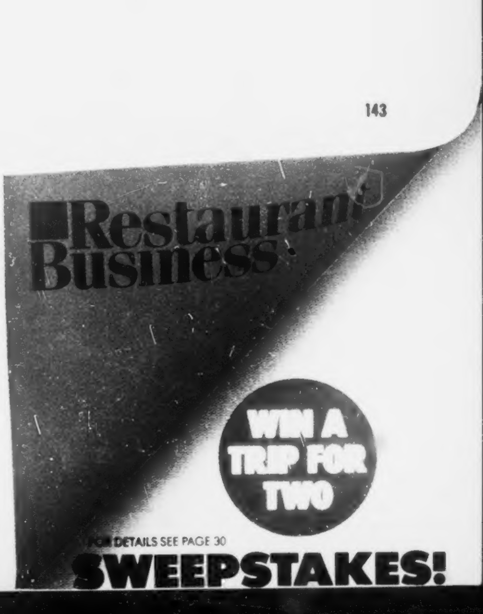


Restaurant Business
WIN A TRIP FOR TWO

FOR DETAILS SEE PAGE 30

SWEEPSTAKES!

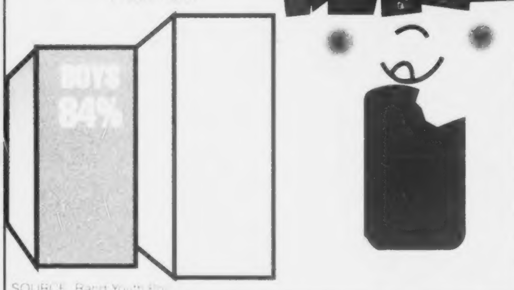
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

FOOD AND SNACK SPENDING

Growth in spending among kids aged 13-15 (1980-1988)



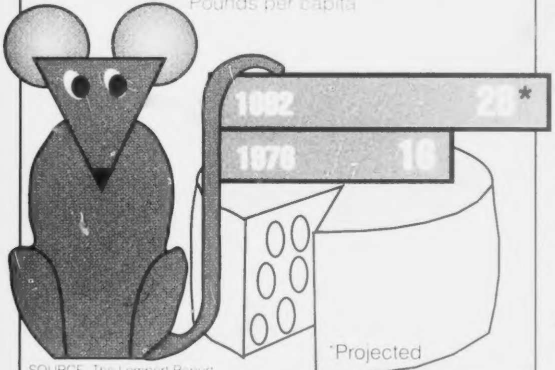
SOURCE: Rand Youth Poll

Putting Money Where Kids' Mouths Are

Boys aged 16 to 19 spent 140% more on food and snacks in 1988 than they did in 1980, says the Rand Youth Poll; girls in the same age group spent an average of 130% more. The poll found that food and snack spending has, to a large degree, coincided with teens' expanding social lives, and that "the growth of low-calorie foods, especially soft drinks, makes it possible for weight-conscious teens to comfortably consume larger amounts of food without fear of becoming overweight." Increased advertising is also cited as a contributor to the spending upswing.

U.S. CHEESE CONSUMPTION

Pounds per capita



*Projected

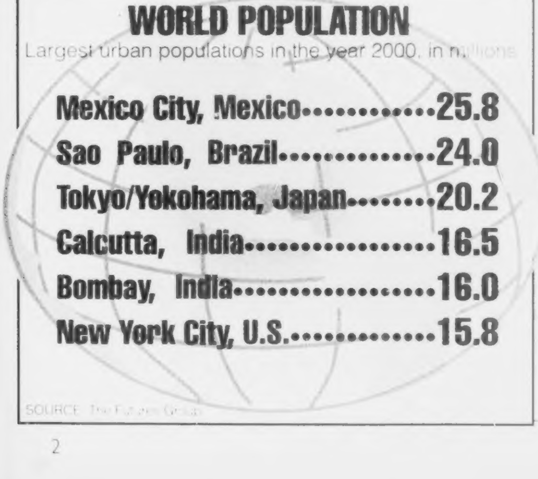
SOURCE: The Lempert Report

America Says 'Cheese'

While cheese consumption in America is growing, says The Lempert Report, it may be expanding at less than its full potential because of cholesterol fears. Low-fat/low-calorie and low- and no-cholesterol cheese products have proven to be popular. Fat content has been cut in some cheeses by replacing whole milk (which contains 33 mg. of cholesterol per serving) with skim milk (which has just four mg.). But, because they contain less butterfat, the more healthful cheeses may lack some taste. For more information on cheese and dairy products, see Menu Ideas, page 265.

WORLD POPULATION

Largest urban populations in the year 2000, in millions



Mexico City, Mexico	**25.8**
Sao Paulo, Brazil	**24.0**
Tokyo/Yokohama, Japan	**20.2**
Calcutta, India	**16.5**
Bombay, India	**16.0**
New York City, U.S.	**15.8**

SOURCE: The Futures Group

Earth's Most Crowded Cities: 2000

One notable feature of the rapid increase in the world's population, according to the Glastonbury, CT-based Futures Group, is that more people than ever are living in cities. While urban populations are growing at an annual rate of 1% in Europe and North America, they are growing by 3.5% in the developing world. Currently, 13 of the 20 largest urban agglomerations are in the developing world; by 2000, that number will have increased to 17. That growth may not, however, translate into new markets for U.S. companies due to debt and poor economic growth.

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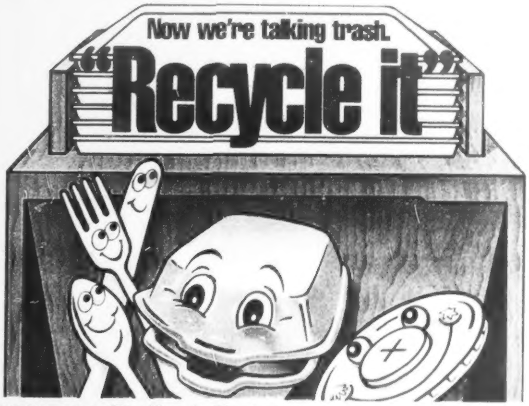

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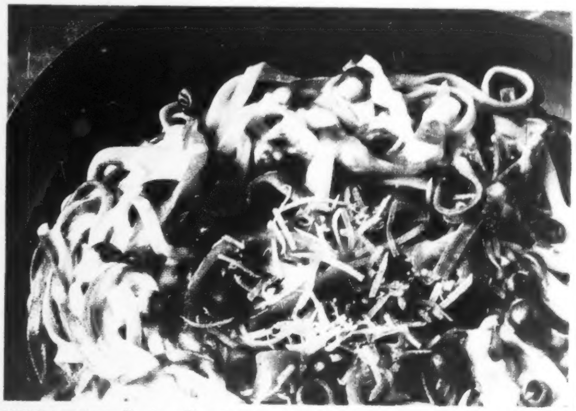

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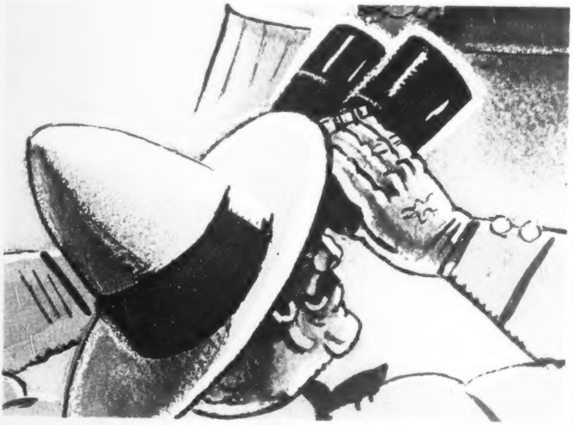

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Cover photography by Don Kushnick.

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The Seventh Symposium on American Cuisine, co-sponsored by Restaurant Business, will take place in Santa Fe, NM, Sept. 10-13, 1989. For information, contact: Symposium on American Cuisine, 304 W. Liberty St., Suite 301, Louisville, KY 40202.

REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Avenue, New York, NY 10017.*

Market Segment Report: *Mexican, page 193.*

IN THE NEXT ISSUE

COVER STORY

WHAT'S NEXT FOR POPEYES?

Church's Fried Chicken had been the target of takeover rumors for years, and no one was surprised when Popeyes founder Al Copeland began courting the ailing chain. What *was* surprising, however, was the vehemence with which Copeland pursued his target, landing Church's in March with a price that some analysts believe far exceeds the chain's value. With more than 1,200 units to Popeyes' 700, Church's brings Copeland significant penetration in the chicken segment. But Church's has been losing money for years, and Copeland now carries a staggering debt load. The question is: What's next?

MARKET SEGMENT REPORT

BBQ/COUNTRY COOKING

Despite customer interest, this segment remains difficult, and no chain has a national presence. But because preferences are strongly regional, smaller chains and independents have carved out profitable niches.

MENU IDEAS

ICE CREAM/SOFT SERVE

Operators are continuing to reap high profits and consistent sales from frozen treats. These menu suggestions and recipes from the *RB* Test Kitchen focus on new ways to merchandise ice cream and soft serve.

DRAFTS, CARAFES & SPIRITS

FRUIT-BASED DELIGHTS

Entry-level drinkers as well as affluent baby boomers and health-conscious customers are craving juice- and fruit-flavored drinks.

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HOTEL FORUM

BY DENISE M. BRENNAN

Hotel food and beverage executives meeting recently in Washington, DC, heard a mixed forecast about challenges and opportunities facing the industry in the 1990s and beyond.

Addressing the concerns about growth, development, and design trends were four guest speakers: Mark Lomanno, U.S. Hotels, Laventhol & Horwath, Philadelphia, PA; Brad Elias, The Hochheiser Elias Design Group, New York, NY; Don Urgo, Urgo, Butts, and Villardo, Chevy Chase, MD; and William Fisher, the National Restaurant Association, Washington, DC.

Mark Lomanno, national director of research for Laventhol & Horwath (L&H), kicked off the meeting with an industry overview of growth and development in the hotel industry. According to Lomanno, explosive growth within the hotel industry has yielded a 40% increase in the number of rooms over the last 10 years—from 2.0 million rooms in 1979 to 2.9 million in 1989. However, demand has not kept pace with development and as a result, overall sluggish occupancy rates (in the 64% to 65% range) have plagued the industry.

> 'The 1990s will bring up the shortage of workers, and the minimum wage labor pool will dry up.'

ROOM RATES TO LOWER. Although construction has slowed, it will take time before the rooms are absorbed. Lomanno does not expect occupancy rates to rise to the 70% level until the mid-1990s. The immediate impact will be downward pressure on room rates, forcing hoteliers to maintain moderate prices.

Another factor influencing future hotel development, participants pointed out, is the removal of the pre-tax earning incentive due to the Tax Reform Act. Increased labor costs coupled with high fixed charges mean no positive pre-tax earnings until 1992. "From the period of 1968 to 1987, hotel revenues increased four times while fixed charges increased 12 times. Today, 55% of individual properties are losing money," says Lomanno.

INDUSTRY SHAKEOUT. The confluence of these factors produces an industry shakeout that finds the economy sector of the market least affected and the midscale segment most vulnerable. According to Lomanno, mismanaged upscale properties are also in danger. During 1988, 750 properties representing 80,000 rooms have changed banners.

This shakeout makes the U.S. extremely attractive to foreign investors. These investors are attracted by three factors: long-term ROI; gateway entry into the U.S.; and trophy status of certain properties. ("Trophy status" can be defined as a luxury property in a gateway city such as New York or San Francisco.) The purchase of chains or individual hotels by foreign investors also represents an avenue for diversification for the new owners.

In addition, foreign visitors to the U.S. are generating more revenues to the hotel industry. For example, in 1982 and 1983, 8% to 9% of U.S. hotel revenues came from nondomestic sources. By 1992, this number is projected to double to 16%. This is attributable to foreign visitors who are willing to pay more for a room and who stay for longer periods of time.

LOOKING AHEAD. Resorts and gateway cities are the strongest markets for continued development (see chart, page 130.) It is interesting to note that of the top six markets designated as having high occupancy potential, three

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ABOUT THE FORUM

The International Forum of Corporate Hotel Food and Beverage Executives (The Hotel Forum) is comprised of the top level food and beverage executives from many of the major hotel company chains.

The information in this article was presented at a recent meeting at the Sheraton Washington Hotel in Washington, DC.

At this meeting, chairman Karl Kilburg, regional vice president for Marriott Hotels & Resorts, turned over the gavel to Peter Kleiser, senior vice president of food and beverage for Hilton Hotels.

Other members of the forum include: Reto Schmidt, vice president food and beverage, Canadian Pacific Hotels; Barry Berlin, vice president food and beverage, Days Inns of America Inc.; Doren Chisholm, director food and beverage, Embassy Suites; Alfons Konrad, vice president food and beverage, Four Seasons Hotels; Klaus Doelling, vice president food and beverage, Hyatt International; Steve Peeck, staff vice president, Inter-Continental Hotel Corp.; Peter Hothorn, vice president food and beverage, Omni Hotels; Don Clawson, vice president food and beverage, Radisson Hotel Corp.; Hermann Haastrup, vice president food and beverage, Red Lion Inns; Rene Schmitt, vice president food and beverage North America, Sheraton Corp. (Forum host); Giulio Comacchio, director food and beverage, Stouffer Hotels; Kurt Fischer, vice president food and beverage, Westin Hotels; Fred Rufe, member emeritus, and president, Fred Rufe Associates.

In addition, Jeffrey Berlind, publisher, Peter Berlinski, editor, and Denise M. Brennan, special projects editor, of *Restaurant Business*, are also members.

The next Hotel Forum meeting will be held in September at the Four Seasons Hotel in Vancouver, Canada.–**DMB**

(Honolulu, Las Vegas, and Orlando) are resort cities and three (New York, San Francisco, and Los Angeles) are gateway cities. "This is where the future is in the U.S.," says Lomanno, adding, "Some of these cities are considered overbuilt and here the challenge is how to get more product into these areas."

L&H's Hotel Development Forecast has targeted 10 vibrant economic areas for growth over the next five to 10 years. These cities were chosen on the basis of population, employment, business growth, and economic development. Lomanno also pinpointed other areas of concern to the hotel industry. These included: human resources, hotel automation, and the internationalization of travel.

Lomanno characterizes human resources as the "most critical" challenge facing the industry. "The 1990s will bring up the shortage of skilled and unskilled workers, and the minimum wage labor pool will dry up. These are the people who, in the hotel industry, cover the weekend and night shifts," says Lomanno. One realistic, albeit politically unpopular alternative, is to change the immigration laws, and open the country up again. On the management level, the industry will see more managers defect to other, more stable industries.

Lomanno believes the following issues are critical to the hotel industry:

- Turnover;
- Motivation;
- Productivity improvement (individual);
- Non-management recruitment; and
- Productivity improvement (organizational).

In order to deal successfully with these issues, the industry must work to reward, recognize, and retain all employees. To that end, Lomanno recommends taking the following steps:

- Define base salaries;
- Develop incentive compensation;
- Institute long-term incentives;
- Offer benefits; and

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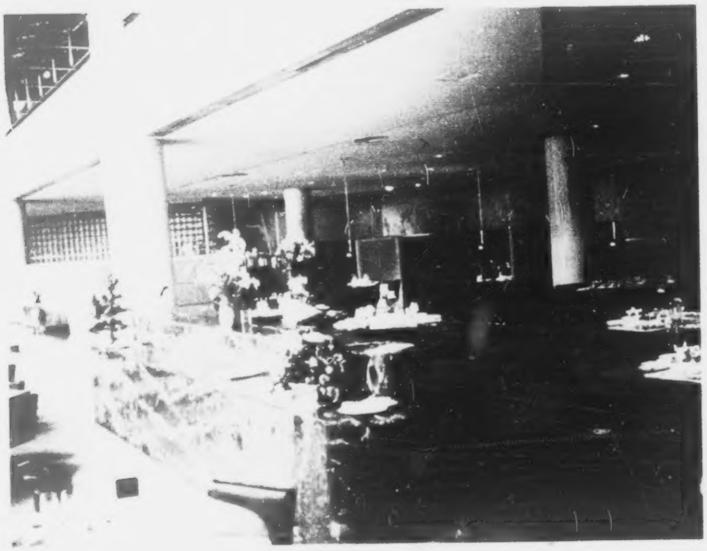

Brad Elias made the Sheraton Washington's Americus Restaurant more contemporary because the owners didn't want guests intimidated by a formal dining room.

- Provide meaningful "perks."

As the cost of technology decreases it is possible for hotels to work towards the objective of filling every room at the highest possible rate. Technology's impact is visible in the following areas: modernization; profitability; guest services; and differentiating one hotel product from another.

INTERNATIONALIZATION. In 1987, 30 million foreign visitors stayed at U.S. hotels. By 2000, this number should increase to 48 million with 45% from overseas; 45% from Canada; and 10% from Mexico. Foreign visitors are appreciated by American hoteliers because they stay three times as long as domestic guests and are more affluent. "This influx is inevitable," says Lomanno. "Foreign tourist travel follows where foreign business travel leads."

The birth of the integrated hotel market will be stabilized by the following factors:

- Economic growth;
- Politics;
- Demographics;
- Environment;
- Infrastructure; and
- Currency rate.

RESTAURANT DESIGN. Brad Elias, principal and design director of Hochheiser Elias Design Group, describes restaurants of the '90s as "lighter, brighter, with upgraded artwork replacing memorabilia, and subtle themes." Says Elias: "Today's trends in design close the gap between fashion and dining. In fact, today, reviewers consider design as well as food and service in their critiques."

As evidence of the growing importance of design, Elias points out that the decor in McDonald's 30th anniversary store makes the unit look "more like a full-service restaurant and less like a fast food outlet."

Other trends that Elias points to include the architectural manipulation of space (columns and moldings), *trompe l'oeil* effects, fusions in restaurant styles (take-out dine-in), cocooning—cozy nooks that offer both audio priva-

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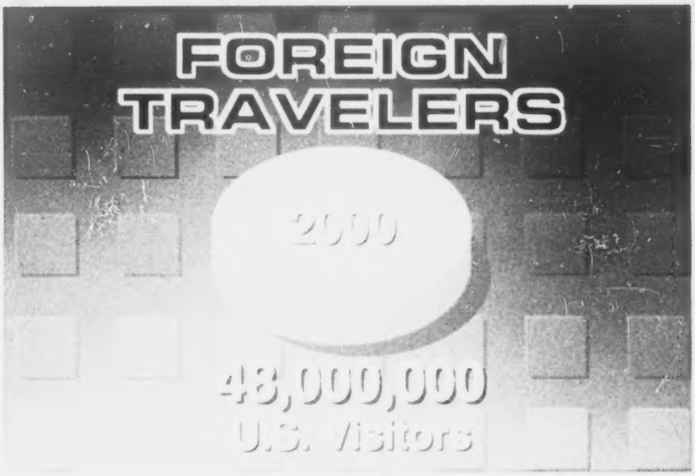
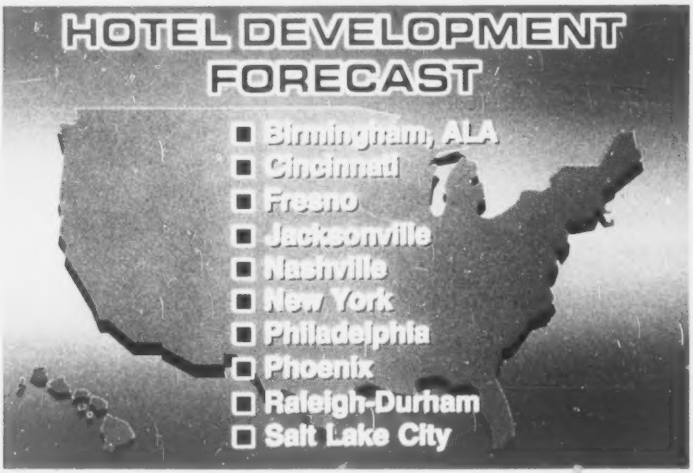


According to Laventhol & Horwath, though foreign visitors to the U.S. are generating more revenues for the hotel industry, property development has slowed.



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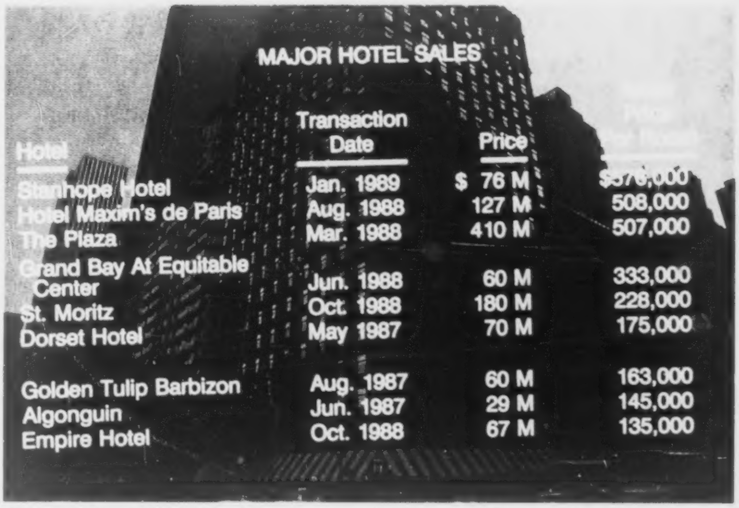

MAJOR HOTEL SALES

Hotel	Transaction Date	Price	[illegible]
Stanhope Hotel	Jan. 1989	$ 76 M	$576,000
Hotel Maxim's de Paris	Aug. 1988	127 M	508,000
The Plaza	Mar. 1988	410 M	507,000
Grand Bay At Equitable Center	Jun. 1988	60 M	333,000
St. Moritz	Oct. 1988	180 M	228,000
Dorset Hotel	May 1987	70 M	175,000
Golden Tulip Barbizon	Aug. 1987	60 M	163,000
Algonguin	Jun. 1987	29 M	145,000
Empire Hotel	Oct. 1988	67 M	135,000

The purchase of "trophy status" properties is extremely attractive to investors.

ey and visual stimulation—and zoned sound systems. In addition, he says we will see more recessed, humanistic and decorative lighting for sparkle and glamour, a phasing out of mauve and teal color schemes, increased use of "jewel" colors for punctuation, fabric instead of vinyl for finish, increased use of etched beveled glass, brass instead of chrome, more flowers, fewer plants.

UNDER SIEGE. Don Urgo, a developer in the Washington DC area and an adviser to financial institutions, describes the hotel industry as one "under siege." This is especially true when it is applied to hotel food and beverage as development dollars are being invested in hotels that offer limited or no food and beverage.

"Developers are interested in budget hotels that have no restaurants, moderate hotels that have almost no food and beverage, all-suite hotel properties that have as little food and beverage space as possible, and extended-stay hotels, which provide kitchens rather than restaurants," Urgo explains. There is no longer a tax benefit in building a full-service hotel, and the market in this segment is overbuilt and overextended, he says.

According to Urgo, hotel chains have put themselves in a corner by encouraging "more rather than enough." This, he points out, is especially true when it comes to restaurants and public space. "In the past, the thinking has been if you need one full-service restaurant you should build one full-service restaurant and one gourmet restaurant. This overbuilding was justified by the 'just in case it was needed' approach," says Urgo.

$500 PER PERSON. William Fisher, executive vice president of the National Restaurant Association addressed the group on issues that will have an impact on both the hotel and restaurant industries. Not surprisingly, the federal budget and, most important, the federal deficit headed the list.

To describe the seriousness of the $2.6 trillion deficit, Fisher used the following example: "If every person alive on earth today donated $500 towards the deficit, it would still not be enough to erase it."

Fisher pointed out that over the last five years, the United States has gone from being a creditor nation to being a debtor nation and there seems to be no end in sight. $

FrontLine

A NEW MARKETING TOOL

BY ROBERT J. SIEGEL AND CARL DeBIASE

About three fourths of all households reside in the 75 largest ADIs (Areas of Dominant Influence of a television channel) in the U.S. On average, a similar proportion of major chain fast food family style restaurants, locations, and sales are derived in these same 75 markts. In other words, what happens in these markets, individually and collectively, goes a long way toward explaining the performance of the country's major chains.

Now, there is an information service that dissects the basic elements of structure, strength, and trend for each of the 150 leading fast food family style chains, within eight restaurant categories, in each of these top 75 markets, over 12 successive month periods. The service is FrontLine Reports, a combined effort of RE-COUNT from Restaurant Consulting Group Inc., Evanston, IL, and Restaurant Trends, Middletown, NJ. The following points highlight some of the findings of these reports for 1988 versus 1987:

- Dollar sales (unadjusted for price change) for the 147 leading fast food family style chains rose by just 6.8%.
- About two-thirds of the sales growth for these chains came from adding restaurant units (a 4.5% increase in units).
- Average unit volumes (sales per restaurant) grew by only 2.2%, below the rate of menu price inflation.

While the leading pizza chains enjoyed the fastest increase in total sales,

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Robert J. Siegel is president of Restaurant Consulting Group, Evanston, IL. Carl DeBiase is president of Restaurant Trends, Middletown, NJ.

The Strongest Markets

32 markets are above average; the top 12 are:

ADI NAME	ADI INDEX*
Washington, DC	120
New York	117
Baltimore	115
Los Angeles	111
San Francisco	111
Boston	110
Richmond	109
Miami	108
Atlanta	106
Greensboro/Winston-Salem/High Point	106
San Diego	106
Jacksonville	106

The Weakest Markets

39 markets are below average; the bottom 12 are:

ADI NAME	ADI INDEX*
Tulsa	87
Oklahoma City	88
Omaha	88
Salt Lake City	89
Mobile/Pensacola	89
Portland, OR	90
Buffalo	92
San Antonio	92
Des Moines	93
Green Bay	93
Houston	93
Shreveport/Texarkana	93

* The average unit volume (auv) for each chain in a market is divided by its 75 market auv to indicate the strength or weakness of that chain in that market. The index is the weighted average of all chain indexes in that market.

SOURCE: FrontLine Report

FrontLine points out that average unit volumes (auv's) for the top 29 pizza chains are still the lowest of any of the categories. Only a very small portion of pizza chains' total sales gains came from improvement on a per-store basis. In part, this reflects the changing composition of the chain pizza market. Conversely, for the leading 21 hamburger/sandwich chains, the gains in auv's accounted for more than the category's total sales increase (see the table below).

The information on unit counts, average unit sales, total market sales and share is collected individually for each major chain operating in each of the 75 markets, yielding succint market reports.

In addition, the auv's for each chain, each category, and total major chains is compared (indexed) to the corresponding average in the Total 75 Market Report. This is an excellent method of providing easy reference on relative strength or weakness of per-store performance at the local market level.

Immense differences exist between markets on an individual chain's (or category's) per-store sales and development; the knowledge of these differences is clearly one of the keys to successfully competing. Even when considering,the differences in the average unit sales levels for the total major chains, there are sizable swings across the 75 markets.

	1988 STRUCTURE				%CHANGE, 1988 VS. 1987		
	Number of Chains	Number of Units	Average Unit Vol. ($000)	Share of Market	Total Sales	Number of Units	Average Unit Vol. ($00)
Total Major Chains	**147**	**53,336**	**797**	**100.0%**	**+6.8**	**+4.5**	**+2.2**
Pizza	29	11,592	498	13.6	+11.8	+10.6	+1.2
Mexican	15	3,227	520	4.0	+10.5	+7.4	+2.8
Hamburger/Sandwich	21	19,926	1,030	48.3	+7.0	+3.3	+3.6
Cafeteria	8	546	1,757	2.3	+6.6	+4.4	+2.2
Coffee Shop	35	6,527	888	13.6	+5.3	+2.4	+2.8
Chicken	17	7,088	582	9.7	+3.7	+1.1	+2.5
Steak House	11	2,635	1,017	6.3	+2.6	+1.0	+1.6
Seafood	11	1,795	537	2.3	+2.2	+1.6	+0.8

Source: FrontLine Report

FOR MORE INFORMATION

FrontLine Reports combine the most current unit count information from RE-COUNT with more than 20,000 personal interviews with owners/managers representing over 53,000 restaurants operated by the top 150 quick-service chains. For more information, contact Robert Siegel at Restaurant Consulting Group, (312) 869-8600, or Carl DeBiase at Restaurant Trends, (201) 671-4444.

TRASH CLASH

A LOOMING CRISIS

As mountains of trash pile up in landfills across the country, consumer groups and lawmakers are taking aim at what they perceive to be one of the major contributors to the problem: the foodservice industry.

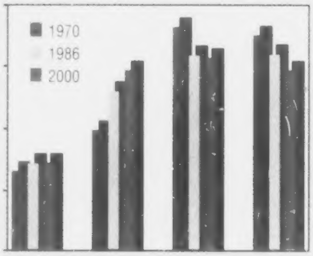
While experts attempt to bring the real facts to the public's attention, they admit to fighting a frustrating battle against some very widespread—and damaging—misconceptions. And, these experts assert, if the foodservice industry doesn't do something about changing those misconceptions, it could soon find itself buried under a mountain of restrictive legislation.

Earlier this year, the city council in Portland, OR, voted to limit the use of plastics within city limits. The local ban, scheduled to take effect Jan. 1, 1990, prohibits restaurateurs and retail food vendors from serving prepared food in any polystyrene foam containers, either on premise or for take-out.

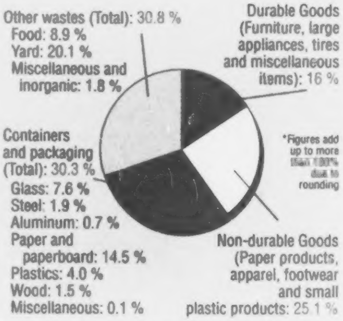
Local foodservice operators and various packaging industry representatives tried to head off the ban, lobbying vigorously against it at three public hearings. Nevertheless, the council finally passed the legislation by a unanimous vote.

At the time of the bill's passage, Earl Blumenauer, Portland's commissioner of public works and an important sponsor of the bill, came down hard on plastics. "Nothing epitomizes the problems associated with our throw-away society more than the polystyrene foam issue," he declared. "We use these products for 10 minutes and they last forever as litter or in our landfills."

Portland joins Berkeley, CA, Newark, NJ, and Suffolk County, NY—and, more recently, Minneapolis, MN—in the distinction of authorizing the first pieces of legislation to restrict at the retail level the use of materials produced from polystyrene foam—and, in some cases, polyvinyl chloride.



SOURCE: U.S. Environmental Protection Agency, Franklin Associates Ltd.



SOURCE: U.S. Environmental Protection Agency, Franklin Associates Ltd.

Perhaps more important, this legislation embodies what many experts believe are mistaken—albeit well-intentioned—attempts on the part of lawmakers to come to grips with the very urgent issue of what to do about our growing solid waste problem.

"State and local bodies are trying to show their constituencies that they are being responsive to the issue," observes Robert Harrington, assistant director, technical services and public health and safety, for the National Restaurant Association. "They're well-meaning, but they're obviously taking the short view. You can't just ban some plastic products, and say you've solved the problem. There are some hard choices to be made."

SINGLING OUT FOODSERVICE. To further complicate matters, a number of legislators and consumer groups are singling out the foodservice industry—most notably, fast-food chains—as being among the major perpetrators of the problem.

"Our counter to this kind of attack is, 'Yes, there is a problem; but, no, we're not the cause of it'," says Harrington.

Clearly, the solid waste problem is real—we are running out of room to dump our waste. According to the Washington, DC-based Council for Solid Waste Solutions, Americans currently generate over 158 million tons of municipal solid waste each year—a number that translates into about 3.6 lb. of material per person every day. Of that total, less than 17% is recycled or processed through energy recovery systems. By comparison, Japan recycles 50% of its waste, incinerates an-

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CONSUMER GROUPS AND LEGISLATORS ARE LAYING BLAME FOR THE SOLID WASTE PROBLEM ON FAST FOOD'S DOOR.

other 34%, and landfills only 16%. Furthermore, the total amount of landfill space is diminishing at an alarming rate. In more than 40 states, landfills are being forced to close because they have either reached capacity or cannot meet current environmental standards. In 1979, the U.S. Environmental Protection Agency (EPA) estimated that there were over 18,600 landfills operating in the United States. At the end of 1988, that total had dropped to only 6,000. And by 1993, only 4,800 landfills will be open, according to EPA predictions.

Most of the burden falls on the more densely populated states located along the East and West coasts, where land is at a premium. The image of the New York garbage barge with no place to dump its load last summer is etched clearly in many people's minds. In fact, over 200 of New York State's 500 landfills closed between 1983 and 1987. The entire metropolitan New York area uses only one landfill, and that is scheduled to close in 11 years. In 1970, New Jersey had 370 landfills in operation. Last year, only eight were accepting 90% of the state's municipal solid waste.

This is a problem restaurateurs—both chain and independent—are already aware of. According to the Council for Solid Waste Solutions, the average fee that waste haulers pay to unload at disposal sites nationally has skyrocketed from nearly $11 per ton to just over $20. In the Northeast, fees are closer to $40 a ton—although some communities on Long Island and in New Jersey pay as much as $138 per ton for out-of-state disposal.

According to Fred Sampson, president of the New York State Restaurant Association (NYSRA), haulage fees for New York restaurateurs have increased 180% over the past two years. In New Jersey, costs are up nearly 200%, says Frank Brill, public affairs counsel for the New Jersey Restaurant Association. And in Connecticut, some restaurateurs have seen their haulage fees triple.

'I've heard of operators on the West Coast whose disposal costs have increased from $8,000 to $120,000. How on earth does any business take that kind of increase? This industry rid itself of CFC-based containers in less than a year, at a cost of millions. Yet I never hear a word about that in the general media; I only hear that foodservice contributes more than half of the solid waste in every community. We need to work with the media to get the truth out.'
James Peterson, president & CEO, Whataburger

The crisis has generated hundreds of bills across the country aimed at finding solutions to the waste problem. A partial list, according to the American Paper Institute, Washington, DC, includes:

- 66 bills at state levels that would impose bans or requirements of degradability on various solid waste elements;
- 12 bills seeking to implement packaging taxes and restrictions;
- 74 bills dealing with source separation and recycling;
- 19 bills concerning state purchasing preferences.

Even the EPA is considering a proposal that could potentially restrict the dumping of restaurant grease traps.

BANNING PLASTICS. While there appears to be general agreement among concerned parties on the need for more legislation to step up recycling efforts, much of the battle being waged today focuses on plastics. Many legislators and consumer groups argue that by banning the use of plastic—particularly at the retail level—a major dent will be made in the growing solid waste stream. Among the most damaging notions being circulated about plastic is that it constitutes a far greater portion of the waste stream than it actually does. For example, an article in the Feb. 12, 1989, issue of *The New York Times* states, "From a miniscule level even in 1970, plastic now accounts for 30 percent of the volume of municipal waste."

In studies conducted for the EPA by Franklin Associates, a consulting group based in Prairie Village, KS, they concluded that all plastic accounts for only 7.3% of the total municipal solid waste stream. More to the point, however, total fast-food packaging amounts to just 0.26% of landfill material by weight and 0.27% by volume, according to studies conducted by W.L. Rathje, a professor of anthropology at the University of Arizona, Tucson.

Rathje himself observes that this country has a "garbage information crisis." In a letter to *The New York Times*, he pointed out that "fast-food packaging is garishly visible, but a high public profile does not equal significant quantities in the landfill."

Few will argue that, until recently,

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MOST OF THE SOLID WASTE BURDEN CURRENTLY FALLS ON THE MORE DENSELY POPULATED STATES ON THE TWO COASTS.

DUNKIN' DONUTS
MUNCHKINS
DONUT HOLE TREATS

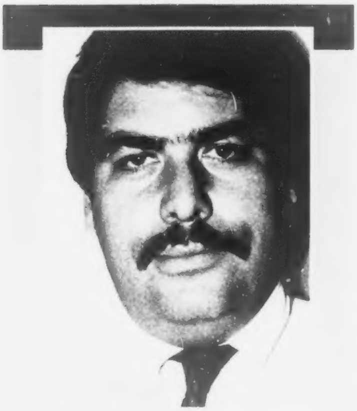
plastic did indeed present a problem. Scientists monitoring the earth's ozone layer found that fully halogenated chlorofluorocarbons (CFCs)—a family of chemical compounds used in about one-third of all polystyrene foam products, as well as air conditioners and other appliances—were contributing to the dissolution of the ozone layer above the Antarctic. The plastic and fast-food industries responded rapidly by voluntarily phasing out CFCs, replacing them with such substitutes as HCFC-22, Pentane, and Isopentane. This phaseout was completed last year.

Still, the misconceptions persist. States currently looking at outright bans on polystyrene foam include Oregon, Vermont, Maine, Massachusetts, and New York. Additionally, cities such as St. Paul, MN, and Milwaukee, WI, are considering bans as well.

LEGISLATIVE INEQUITY. Complicating the issue even further are certain inequities arising from such legislation. In Portland, for instance, restaurants and retail food vendors will be barred from using polystyrene foam products commencing Jan. 1, 1990. However, the law states that nonprofit organizations—including schools and hospitals—are exempt from this restriction.

Joseph Angel, president of Northwest Management Inc., a Portland-based operator of 27 Burger King restaurants, admits that the ban presents a problem—even though the only products affected at his operations will be the styrene foam coffee cups. "I requested that the council exempt hot beverage containers from the ban because it becomes a safety issue," says Angel. "But they ignored me."

So, Angel is requesting special dispensation from Burger King to lower the serving temperature for the coffee—which will temporarily be served in paper cups with handles. And while he admits to being unhappy about that, he says he is totally mystified that the council did not include the noncommercial sector in the ban. "The school districts and the hospitals can continue to use plastic permanently, while the private sector takes a beating," Angel complains. "If you want to take a stand on something, fine. But everyone must bear the brunt."



'Some projections compare escalating waste disposal costs in the '90s to the escalation of utility costs in the '70s. Combine the cost problem with public demands for clean air, water, and land, and the industry is faced with a problem of enormous proportions. All of us have to begin investigating and implementing practical solutions on our own or risk increased regulation by the government.'

James Arnett, president, Shoney's Division, Shoney's

Barbara George, a commissioner's assistant in Portland, defended the action, saying that plastics usage presented a "far more severe problem" in the retail sector than in the hospitals or school districts. Besides, she adds, "Hospitals and schools had more potential for being involved in recycling programs than individual restaurants or stores."

George admits, however, that the Portland school district—which uses about 3.5 million plastic trays each year—is under pressure from parents and consumer groups to discontinue the use of plastics and "reactivate the dishwashers."

Experts argue, however, that the inherent safety benefits of plastic cannot be overlooked—particularly where schools and hospitals are involved. "In an age of concern about contagious diseases, plastic is the most sanitary method of serving food," the NYSRA's Fred Sampson contends. "Because it is disposable, plastic virtually eliminates the transmission of disease."

But despite its health and safety aspects, plastic is drawing heavy fire from consumer groups and legislators. The issue of "degradability" is generally one of the arguments most often cited by plastic opponents. In the ordinance to ban the use of polystyrene and polyvinyl chloride from the city of Newark, NJ, the municipal council writes: "Discarded nondegradable packaging and plastic contained within the waste stream...is considered a fundamental cause of problems associated with municipal waste, disposal, and litter."

Proponents of plastic tend to portray the degradability issue in a somewhat different light, however. At a symposium held in Chicago last summer on degradable plastics and the environment, Rathje told attendees that in his excavations of landfills, he had found "readable" newspapers and telephone books dating from 1977. He also showed slides of such food items as carrots, unearthed after 10 years in a landfill; all were largely intact and identifiable.

In those instances where degradability is cited in bills, it is not always defined—and when it is, the definition can be unrealistic, points out Harrington. "One bill that was introduced defines degradability as 'breaking down within 120 days of disposal'," he says. "Beyond being impossible, I'd like to know who starts the clock?"

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THE CRISIS HAS GENERATED BILLS ACROSS THE COUNTRY, MANY AIMED AT FAST FOOD.

It's finger lickin' good.
Kentucky Fried Chicken

And, say some observers, not all bills that would seek to legislate against plastics are offering any tangible solution to the solid waste crisis. For example, a bill before the New Jersey state legislature would level a 3¢ tax on each single-service plastic container. According to Frank Brill, the money raised from this bill would not go toward easing the solid waste problem in the state—it would be applied as a property tax relief for residents.

REVENUE RAISING. "It really has very little to do with the environment," he maintains. "It's just a revenue-raising bill that was meant to capitalize on what is perceived to be a widespread animosity toward plastics."

Nevertheless, most lawmakers are seeking reasonable answers to what has become a very emotional problem. At this point, the two most popular solutions appear to be mandatory recycling and the construction of waste-to-energy incinerators. And, while both have their inherent drawbacks, it is generally agreed that it is only a matter of time before both are incorporated on a wide scale.

New York City, for example, recently passed a recycling bill that will require all residents and businesses to separate recyclable materials—such as glass bottles, cans, and newspapers—from their garbage and place them in separate containers. The legislation will not take effect completely until 1994, however.

NYSRA's Sampson believes that the move is an "intelligent" one on the part of the city government, although "ultimately it will be an additional business expense. It's just one more example of the increased cost and burden the solid waste question will be putting on the business community."

CHOICE RECYCLING. New Jersey has a plan that requires all counties to recycle three items of their choice, such as glass, newspapers, and cans. As a result, most restaurant operations will have to have three dumpsters instead of one.

'Taco Bell has introduced multipurpose packaging designs...and has minimized the usage of petroleum-based products. We have also tested reusable cartons and bulk syrup dispensing directly from the truck to the restaurant. And we have requested, through the packaging industry, that our legislators give us adequate time to jointly develop the necessary packaging technology to meet our waste management goals.'

John E. Martin, president & CEO, Taco Bell

Lately, the prospect of recycling plastics has also become a reality. Last year, the Oak Brook, IL-based McDonald's Corp. embarked on a pilot project with a major plastics supplier and the state of New York. Along with the supplier, McDonald's agreed to fund a recycling project of polystyrene packaging and corrugated shipping containers. The refuse from about 20 McDonald's restaurants on Long Island and in New York City will be picked up and carted to a central facility where the polystyrene will be separated. It will then be reprocessed by the supplier at a site in Brooklyn into materials for nonfood use. (See page 152).

Lawmakers are also advocating the construction of waste-to-energy incinerators—large plants that burn waste and convert it into salable steam and electricity—as a solution to the solid waste problem. It is estimated that more than 70 of these plants are in operation and hundreds more have been planned at a cost of nearly $20 billion.

Proponents of these giant incinerators point out that they are also quite effective when disposing of plastics. In fact, plastics are required in the waste mix if they are to burn at peak efficiency. However, resource recovery plants also have detractors who argue that, beyond the high cost factor, they spew smoke into the air and leave toxic ash behind.

But NRA's Harrington argues: "Let's face it. Somebody's land is probably going to decrease in value. This is a lot more complicated that just a plastic cup lying by the road. There are no simple solutions. Only hard choices." For the most part, those most familiar with the problem advocate a comprehensive, integrated approach to the solid waste problem. This entails source reduction, recycling where appropriate, incineration, and limited landfills—generally as a receptacle for the ash from the incinerators.

On the other hand, most people agree that there is little time to waste. "The government will wait until the crisis has reached a critical level," declares Sampson, "and then the people will accept any solution. I can forsee a day when business will eventually be limited in the amount of garbage it can generate."

Harrington agrees with the urgency of the problem, but advises some caution in implementing solutions. "We all need to realize that we've been a throw-away society for 50 years, and now it's all catching up with us," he maintains. "Now that we're in the position where we can begin to do something about it, we don't want to end up trading one problem for an even bigger one later."

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FAST-FOOD REFUSE ACTUALLY ACCOUNTS FOR RELATIVELY LITTLE OF THE WASTE STREAM.

MARKET SEGMENT REPORT

MEXICAN

By Jacque Kochak

Still showing ample signs of growth opportunity—particularly on a regional level—the Mexican segment is experiencing two trends: the competition is getting tougher and the food is getting better.

"I see improvement in product and service," says Tom Dietrich, president and chief operating officer of Houston-based Two Pesos. "The competition is getting better and better, and it's keeping us on our toes." Competitors, for instance, cite market leader Taco Bell's noticeably improved food quality.

Though benefiting from the fact that tacos, burritos, and other Tex-Mex favorites are moving increasingly into the mainstream, Mexican restaurant operators still have their work cut out for them. As Mexican food has become accepted, restaurants of all types have added Mexican items to their menus.

One fast-food company that has done particularly well with Mexican offerings is San Diego-based Jack In The Box, part of Foodmaker Inc., which also owns Chi-Chi's, the Mexican dinner-house chain. Jack In The Box, which has offered tacos since the early '70s, last fall introduced taquitos. Taquitos are rolled tortillas with spicy shredded beef and guacamole or salsa.

Supermarkets, too, have gotten into the Mexican craze. According to *The Lempert Report*, a newsletter covering emerging trends, sales of frozen Mexican entrees in food stores grew 31% in 1987.

All this may be leading to a shakeout in the Mexican segment. "I think there's going to be more consolidation, and the winners will be the companies that execute well," says Two Pesos' Dietrich.

Competition in the Mexican segment is intensely regional. Customers in both the Southwest and California have long been familiar with Mexican food. Yet, much of the country is not saturated, and new chains are emerging in the Midwest and Northwest. The

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Though benefiting from the fact that tacos, burritos, and other Tex-Mex dishes are moving into the mainstream, Mexican restaurant operators still have their work cut out for them.

Lincoln, NE-based Amigos is positioned between fast food and dinner houses and has a broad menu that includes items such as its Mexican version of a baked potato.

← For more information on Cryovac (Sectional) circle number 145

MARKET SEGMENT REPORT

M E X I C A N

Chi-Chi's is now building smaller 6,000-sq.-ft. units, instead of the larger 10,000-sq.-ft. buildings that required very high volumes to sustain profits.

Northeast and some of the South—still virtually virgin territory—have proven difficult to crack.

SLOWED GROWTH. Figures from the National Restaurant Association show that the segment's frenzied growth of years past has slowed. Traffic counts for Mexican restaurants were up just 4.8% in 1988, compared with a 12.1% increase in 1986. Midscale Mexican restaurants actually showed a significant decline in customer counts, from a 1.0% increase in 1987 to an 11.6% decrease in 1988.

The healthiest part of the segment continues to be fast food. A taco is becoming a viable alternative to a hamburger. Traffic counts in fast-service Mexican restaurants were up 9.4% in 1988, according to the NRA. But even that healthy increase pales beside the 18.1% increase posted by fast-service Mexican units in 1986.

The main activity in the fast-food Mexican sector is continued, steady expansion. No new product introductions, concepts, or advertising have made waves in the last year.

On the upscale end of the Mexican spectrum, concepts are undergoing fascinating permutations as influences from various styles of cooking are being melded. "We're seeing a kind of 'second generation' of restaurants," says Ron Paul, president of the Chicago consulting firm Technomic Inc. "To keep the customer's interest, restaurateurs are offering blue corn chips and making fresh guacamole at the table."

Independents continue to be extremely important in the upscale part of the Mexican segment. Why? Because individual restaurateurs can open smaller restaurants that are responsive to individual markets.

With 3,000

Taco Bell

of Mex

food sales

Another significant factor on the upscale end is the growth of cantinas. Restaurants such as Papacitas in Houston, Rio Bravo in Atlanta, On the Border in Dallas and Houston, and Chevy's in California offer copious amounts of food and beverages at relatively low prices and loud music amidst an atmosphere reminiscent of a bandido's hideout in Baja.

As a result, customer counts at upscale Mexican restaurants are still increasing—up 4.6% in 1988 compared to a modest increase of 1% in 1987.

FAST FOOD. By far the most potent force in Mexican fast food continues to be Irvine, CA-based Taco Bell, owned by mammoth PepsiCo, with some 3,000 units, 60% of them company-owned. Giant Taco Bell, with 1988 systemwide sales of $1.6 billion, has 60% of the Mexican fast-food market and seems bent on becoming a nationwide force.

Taco Bell spokesperson Lisa Holler says that the chain has tripled total systemwide sales and doubled its number of units in the past five years. "We definitely see a lot of opportunity in the segment," she says. "The more competition there is, the more people are aware of Mexican food."

Running far behind Taco Bell in numbers of units and sales, but still a major factor in its own areas, is Cheyenne, WY-based Taco John. Taco John currently operates 440 units, only nine of them company-owned. Taco John units are spread throughout 30 states but are clustered in Midwestern states such as Iowa, Kansas, and Minnesota. The company has also expanded heavily into the Northwest and operates a number of units in Florida.

Taco John began operating tiny, prefabricated 12 ft. x 30 ft. walk-up units, many of which still exist. The company recently rolled out a "remodel incen-

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MARKET SEGMENT REPORT

MEXICAN

tive" program to encourage franchisees to add more seating. "We want less of a mom-and-pop image," says Renee Middleton, manager of the company's in-house advertising firm.

Taco John has also rolled out a new product line featuring chicken tacos and chimichangas. Middleton says that the additions reflect the increasing sophistication of the customer, and represent an attempt to expand Taco John's customer base slightly.

Another strong regional competitor is Eugene, OR-based Taco Time International, with 295 units worldwide; 277 are franchised.

Two hundred and three units are in the U.S. and 69 in Canada, but Taco Time has found that its brand of Tex-Mex plays just as well in other parts of the world. The company was the first to open a unit in Japan, where 20 units are now open. Two more are located in South America, and one in the United Arab Emirates.

Like others in the Mexican fast-food segment, Taco Time reports sales growing at a satisfying rate. Chain sales for 1989 are projected to reach $97 million. The company has also been pursuing a steady expansion program, with 34 units opened in 1988. Of those, 15 were in Japan. Taco Time also continued its push out of the Northeast, with units in Alabama, Indiana, North Carolina, Pennsylvania, and Virginia.

Like Taco John, Taco Time International has recently used chicken in product line extensions. Both a chicken fajita burrito and a chicken fajita salad have been added in the last 18 months.

Dallas-based Taco Bueno is a strong regional Mexican fast-food chain, with units clustered in Texas and Oklahoma. The company is owned by a British firm, Unigate PLC, which also owns four-unit Casa Bonita, a full-service Mexican restaurant concept.

One hundred and ten Taco Buenos are now open, with five opened in the last year. President Paul Fisherkeller, who joined Taco Bueno about six months ago after a stint as senior vice president of operations for Long John Silver's, is reluctant to comment on expansion. He will say that the company will stay in its present trade area for the time being.

Everything from guacamole and hot sauce to refried beans is prepared fresh in stores every day. Taco Bueno is also remodeling; the program will be completed within two years. Currently, 35 units have been remodeled, and sales have increased at those units.

Opportunities for Mexican fast food still exist in some regional markets.

Clearly, regional opportunity still exists in the Mexican fast-food market, despite the overwhelming hegemony of Taco Bell. In the Southwest, new roadside independents open up every day. Outside the Southwest, other small chains are gaining their own followings and are carving their own niches.

Among these is Lincoln, NE-based Amigos, with 24 units open in Nebraska and Kansas, only one of which is franchised. The company is adding units rapidly; at press time, six were under construction, and president Roger Moore says that by this time next year Amigos plans to be operating 40 units.

Amigos is establishing a position somewhere between fast-food and a dinner house. Customers order at a self-service counter, then sit down to be served by a waiter. Instead of disposables, Amigos uses plateware, but the average check is only $3.60. The menu is broad, ranging from fajitas and a taco salad to seven different burritos and about five different tacos. Many units also serve margaritas and beer.

Like the service, decor is somewhere between a fast-food restaurant and a dinner house. Amigos offers drive-thru windows, but dining rooms are decorated with hand-painted tiles, oak,

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Although it is a major player in the hamburger segment, Jack In The Box's broad menu encompasses many ethnic-themed items such as these chicken and beef fajita pitas.

MARKET SEGMENT REPORT

MEXICAN

upholstery, and lots of plants.

HEALTHY MEXICAN. Part of Mexican food's appeal is the fact that entrees are relatively healthy. At least one company is capitalizing on that. Portland, OR-based Macheesmo Mouse is a concept that is winning a lot of attention because of its fresh, irreverent approach to Mexican food.

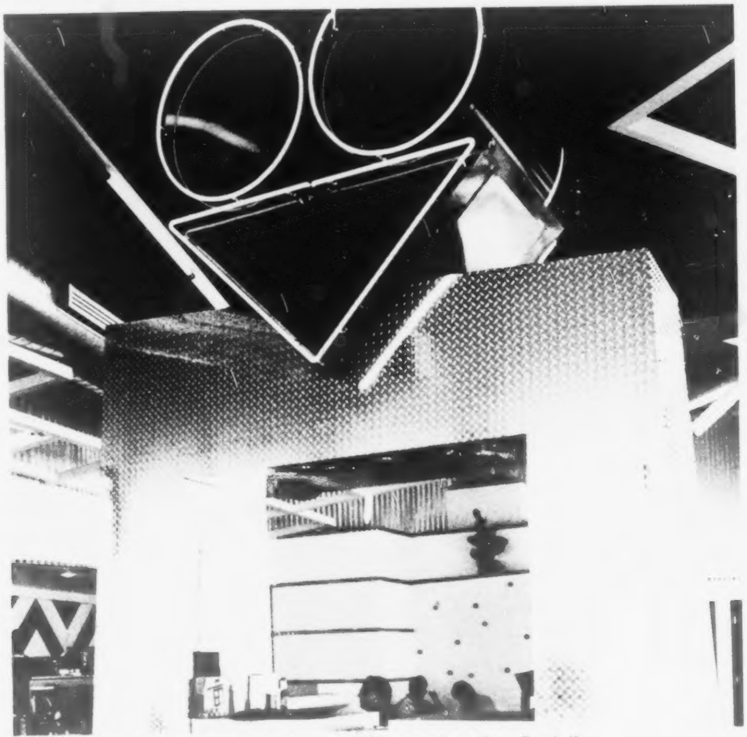
At press time, the 11th Macheesmo Mouse was opening on the West Coast. Units are located in Seattle, Portland, and San Francisco; none are franchised.

Nevertheless, owner William Warren is expansion-minded, and the Mice are multiplying. He hopes to open five additional units in the San Francisco Bay area and five in Seattle in the next year.

At Macheesmo Mouse, neither fryers nor animal fat are used. Black beans, brown rice, skinless chicken, and handmade whole-wheat tortillas are staples on the menu. Yet, Warren emphasizes that these are not health-food restaurants. "I like to call it 'smart food'," he says.

Specialties include skinless breast of chicken basted in a special sauce and served with brown rice, black beans, and salsa, as well as chili Colorado made with pork and sirloin and black beans served with sour cream and salsa. A popular drink is a Cactus Cooler, made with iced tea, apple juice, lemon, and mint. The average check is $5.

Decor has been described as "Postmodern Cow Punk" and "Neo Navajo New Wave." Bright, primary colors and metallic surfaces are the hallmarks of Macheesmo Mouse restaurants. Simple, corrugated metal siding is everywhere. Counters zigzag at strategic points. The restaurants are self-service. Plates are recyclable, and real silverware is used. All bottles are returnable. Customers are expected to bus their own tables.



Macheesmo Mouse describes its decor as "Postmodern Cow Punk."

PATIO CONCEPTS. Competitors are still keeping an eye on two Texas concepts, San Antonio-based Taco Cabana and Houston-based Two Pesos.

Mexican operators outside the Southwest repeatedly point to these patio concepts as the "concepts to watch," while operators within the Southwestern Mexican belt view them with alarm. Patio concepts are tough competitors that are squeezing mid-price and small family operators because of their price-value relationship, attractive decor, and fun atmosphere.

Over the last couple of years the two companies have been involved in a legal battle, with Taco Cabana claiming that Two Pesos was a direct copy. At press time, a judge had just set a $3 million bond against Two Pesos and directed the company to change its buildings and signage.

At this point, both Taco Cabana and Two Pesos do business in buildings that are brightly colored, with seating divided between an indoor dining room, a patio seating area, and a dining room walled by sliding garage doors that can be opened in good weather. Both offer very broad, high-quality, authentic Mexican food at attractive prices. They offer Mexican entrees more typical of a Mexican dinner house, at prices and with a service style more typical of a fast-food eatery. Customers place their orders at a counter, then take their food to a condiment bar. Beverages are self-service.

The industry is watching these concepts because of their high volumes, often about $2.5 million per unit.

The larger of the two companies so far is Taco Cabana, with 27 company-owned units and five franchised units, all located in Texas and California. President Richard Cervera says that the company hopes to expand at a rate of about 50% a year, through a mixture of franchised and company-owned stores. Growth will be concentrated in the Southwest and California.

Right behind Taco Cabana in size is publicly owned Two Pesos, with 30 units currently open, only three of which are franchised. "We're excited

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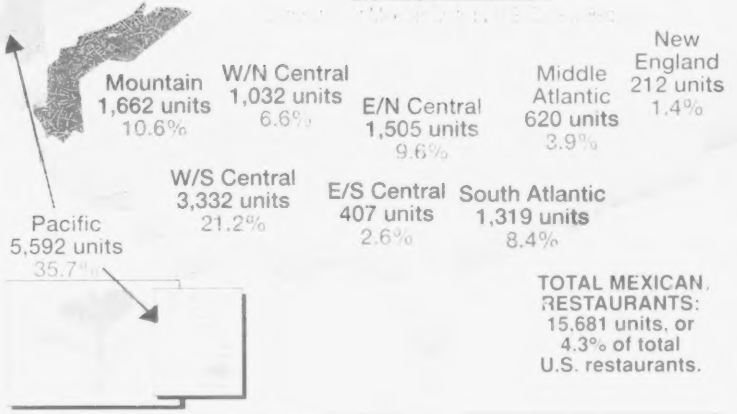
about the concept, we do well in the right location, but location is becoming more and more critical," says president and CEO Tom Dietrich.

There are currently 13 company units located in Houston, with six in Dallas, four in Oklahoma, one in Phoenix, one in El Paso, one in Minneapolis, and one in Atlanta. Franchised units are located in Virginia and Denver.

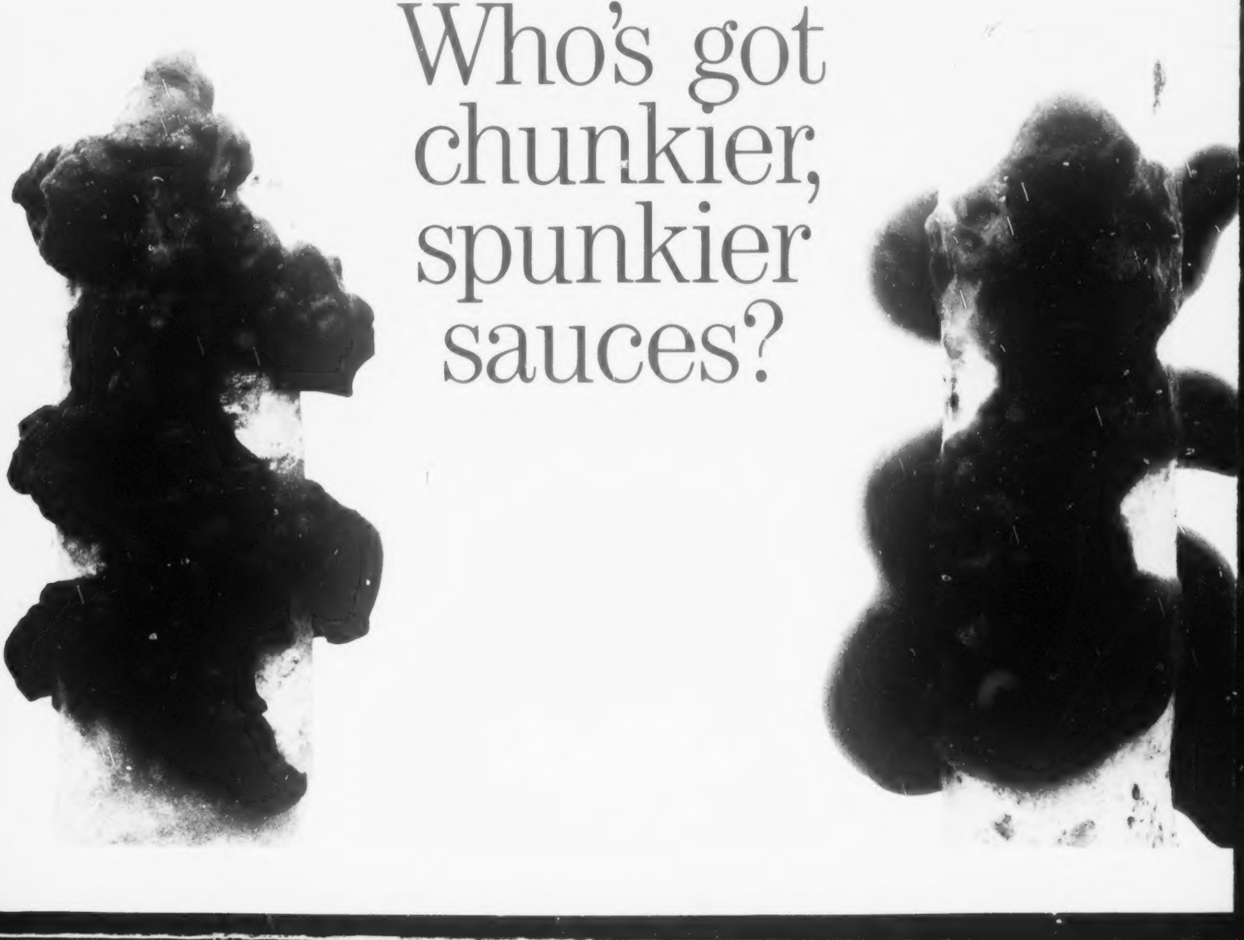
There has been some question about how these patio concepts would perform outside of the Sunbelt. But, Dietrich says that the Minneapolis unit is doing well. Two Pesos plans to open six to 10 units in the next year.

MIDPRICE MEXICAN. At a time when the Mexican segment still seems to offer substantial opportunity on both the fast-food and upscale ends, midprice

ROOM FOR GROWTH IN NORTHEAST


Mountain
1,662 units
10.6%
W/N Central
1,032 units
6.6%
E/N Central
1,505 units
9.6%
Middle Atlantic
620 units
3.9%
New England
212 units
1.4%
Pacific
5,592 units
35.7%
W/S Central
3,332 units
21.2%
E/S Central
407 units
2.6%
South Atlantic
1,319 units
8.4%

TOTAL MEXICAN RESTAURANTS: 15,681 units, or 4.3% of total U.S. restaurants.


Who's got chunkier, spunkier sauces?

MARKET SEGMENT REPORT

MEXICAN

Mexican restaurants are suffering. The malaise is felt most acutely in the Southwest, where the public's taste for Mexican food is fully developed and the competition is intense.

In many cities outside of the Southwest, local chains appealing specifically to local tastes have carved out a respectable presence, though they are unlikely to expand into other areas. In the Southwest, however, midprice operators are going head to head against each other, the patio concepts, fast-food operators, and even other types of casual restaurants.

As one competitor points out, "It's hard to have a middle point, because 'high-priced' Mexican food is not that expensive. There's not much room between fast-food prices and the upper end of the scale."

Dallas-based El Chico is among those midprice Mexican chains that have experienced difficulties. The 48-year-old company owns and franchises full-service Tex-Mex restaurants in 12 states in the Sunbelt region. As of February, the company operated 64 units and franchised 33.

Sales were soft in 1988, with El Chico showing a small loss in net income following a greater loss in 1987. By the first quarter of 1989, however, systemwide sales were up 5% and net income was in the black. Same-store sales increased 5.9% for the quarter. The improvements were a result of increased sales, improved operating margins, and a reduction in expenses related to

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THE TOP TEN MEXICAN RESTAURANT CHAINS

Ranked by number of units

TACO BELL Irvine, CA...............3,000	**EL TORITO** Irvine, CA............175
TACO JOHN Cheyenne, WY............440	**TACO VILLA DEL TACO CORP.** Dallas, TX.............146
DEL TACO INC. NAUGLE'S (AWR) Newport Beach,CA....380*	**TACO TICO** Wichita, KS..........110**
TACO TIME Eugene,OR..................295	**TACO BUENO** Dallas, TX............110
CHI-CHI'S Louisville,KY...............190	**EL CHICO** Dallas, TX............95

*Technomic estimate

**RB estimate

Old El Paso. Because we make our sauces authentically Mexican. Thick and rich. Full of hearty chunks of tomatoes, green chilies and other ingredients.

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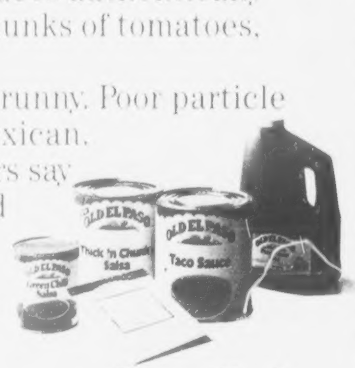
New! Our Picante Sauce and Salsa Mexicana are also available in easy-to-pour, resealable plastic jugs.



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For information circle number 204

MEXICAN

unit closings.

El Chico has announced that because of the positive results and additional strategic planning, the company will continue its course and won't look toward a restructuring or a sale or spinoff of parts of the company.

Rod Allen, the company's vice president of marketing, was uncommunicative about the company's plans, but did say that expansion would be through franchising rather than company-store development.

Another midprice Mexican chain that has experienced difficulties is Houston-based Monterey House, owned by INTEGRA. INTEGRA, formerly Brock Hotel Corp., bought Monterey House out of bankruptcy with the intention of turning the troubled chain around. INTEGRA has experience at doing just that: just a few years ago, the company took on the challenge of resurrecting ShowBiz Pizza Places. INTEGRA's vice president of marketing, Dick Huston, says that progress in turning Monterey House around has not been as rapid as envisioned. "Sales are down from last year," he says. "I could blame the Texas economy, but the real truth is that we haven't been moving fast enough."

Last year, INTEGRA announced plans to remodel restaurants, including punching in skylights to lighten dining rooms and adding lots of plants, color, and Mexican artifacts. The plan also called for improving and emphasizing food quality. So far, only one unit in 50 has been remodeled, and two more were undergoing remodeling at press time. Following remodeling, a broader menu is being introduced.

Some El Chico units have patio seating.

MEXICAN DINNER HOUSES. A major factor in the upscale Mexican restaurant segment is Irvine, CA-based El Torito, owned by Restaurant Enterprises Group Inc. (REG). REG is a low-profile company made up of many of the full-service restaurants formerly owned by New York City-based W.R. Grace & Co.

El Torito currently operates 175 Mexican restaurants as well as one franchised unit in Japan. Included in the 175 total are three units franchised by The Riese Organization in New York City, operating under the names El Torito and Tequila Willy's. Restaurants operated under the El Torito umbrella include El Torito, Casa Gallardo, Casa Maria, Tequila Willy's, Annie's Santa Fe, and Who Song & Larry's. The company's newest concept is Caliente, offering traditional Mexican fare with a Southwestern influence.

What's new with El Torito remains unclear, however, because executive vice president Mike Casey has been close-mouthed about the company's activities of late. He will say, however, that systemwide sales are up, which he attributes to strong management, a clear focus on guest satisfaction, and a stronger economy. He adds that the company plans to open an additional three units in the coming year.

Louisville, KY-based Chi-Chi's is continuing to show strong sales after a major turnaround effort, which started to take effect over a year ago. Franchised units are beginning to experience the same sales increases that company stores have been doing for the last year, says vice president of marketing Glenn Drasher.

The company was purchased by San Diego-based Foodmaker Inc., parent of Jack In The Box, a little over a year ago. There are now 127 company-owned Chi-Chi's and 63 franchised.

The company has not made any major changes in its menu or marketing approach recently, although Chi-Chi's is now building 6,000-sq.-ft. units, instead of the very large 10,000-sq.-ft. building that required very high volumes to sustain. "This permits us to go into smaller markets and is opening up new territories for us," says Drasher.

In addition, Chi-Chi's is aggressively pushing value-added promotions in

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Houston-based Two Pesos features a broad menu of dishes that are more typical of a Mexican dinner house, with prices and a service style more typical of fast food.

MARKET SEGMENT REPORT

M E X I C A N

which an entree is offered with an appetizer and a dessert for a set price.

The company is also marketing its sauces and dips in grocery stores through a licensing agreement, as well as its margarita mix. Chi-Chi's tortilla chips are being test marketed.

The most exciting developments in the upscale Mexican segment are taking place among independents. One upscale operation, Tila's, opened last year in the expensive Washington, DC, suburb of Chevy Chase, MD. Tila's operated in Houston for eight years before moving to Chevy Chase. Chef Clive DuVal III was trained in classical French techniques, but has put that training to use in developing an eclectic Latin cuisine with Oriental influences. He has lived in Honduras, Guatemala, and Nicaragua, and has traveled in the Orient.

In addition to more traditional items such as quesadillas and enchiladas, Tila's menu includes the likes of grilled mako shark marinated in mole sauce. The shark is grilled over applewood and served on a bed of sauteed spinach with a roasted shrimp, corn, and grapefruit relish. Another offering is pan-fried baby redfish with an orange zest crust and orange beurre blanc sauce. Also popular is wild pig *[illegible]*, a spit-roasted pork loin with a rich brown gravy spiked with green peppercorns.

The 200-seat restaurant is a riot of Latin American color, with mural walls and a ceiling reminiscent of a South American sunrise. The Jungle Bar, naturally, looks like a jungle, and the specialty is fresh fruit drinks. An additional 50 people can be seated on a terrace outside.

Tila's in suburban Chevy Chase, MD, is a riot of Latin American color, with mural walls and a ceiling reminiscent of a South American sunrise.

An equally unconventional upscale Mexican restaurant gaining increasing attention in New York City is El Teddy's, located in Manhattan's trendy TriBeCa neighborhood. While El Teddy's decor is unconventional, the food draws its inspiration from more traditionally Mexican cuisine.

For example, among the offerings are duck breast and fig tacos, quail stuffed with grapes and spinach baked in clay, traditional tamales wrapped around gingered lobster, fresh yellowtail burritos, veal porterhouse, charred tuna steak with salsa fresca, and a tofu enchilada with a complicated Mexican mole sauce.

Yet, many of the offerings borrow closely from classical Mexican cuisine (as opposed to Tex-Mex). *Sopa de ajo* is the rich, traditional Latin garlic soup, and *garnachas* are masa tarts with chicken and chile pipian. *Menudo* is the traditional northern Mexican tripe stew, and the traditional *arroz con pollo*, or chicken with rice, is available. Several of the entrees are served with the classical Mexican mole sauce.

El Teddy's has many furnishings and artifacts that were created by local artists. For example, bar tables are specially designed brushed stainless steel, and a reception stand is encrusted with abalone and mother-of-pearl. An enormous aquarium divides two dining rooms. El Teddy's was created by Andrew Young and Christopher Chestnutt. Young is director of operations for the George Lang Corporation. Chestnutt was one of the principals behind the creation of three New York City eateries: Tortilla Flats, Gulf Coast, and Sugar Reef.

Although traffic counts in the Mexican segment are not increasing as dramatically as they have in the past, opportunity clearly exists for the operator with a fresh approach and truly excellent food. That's evident in the success stories of the numerous chain and independent operators mentioned here. For those operators able to satisfy the customer's increasing appetite for high-quality Mexican food, the rewards can be great. But it takes clear thinking and a flair for knowing what the customer wants to make a splash in today's market. $

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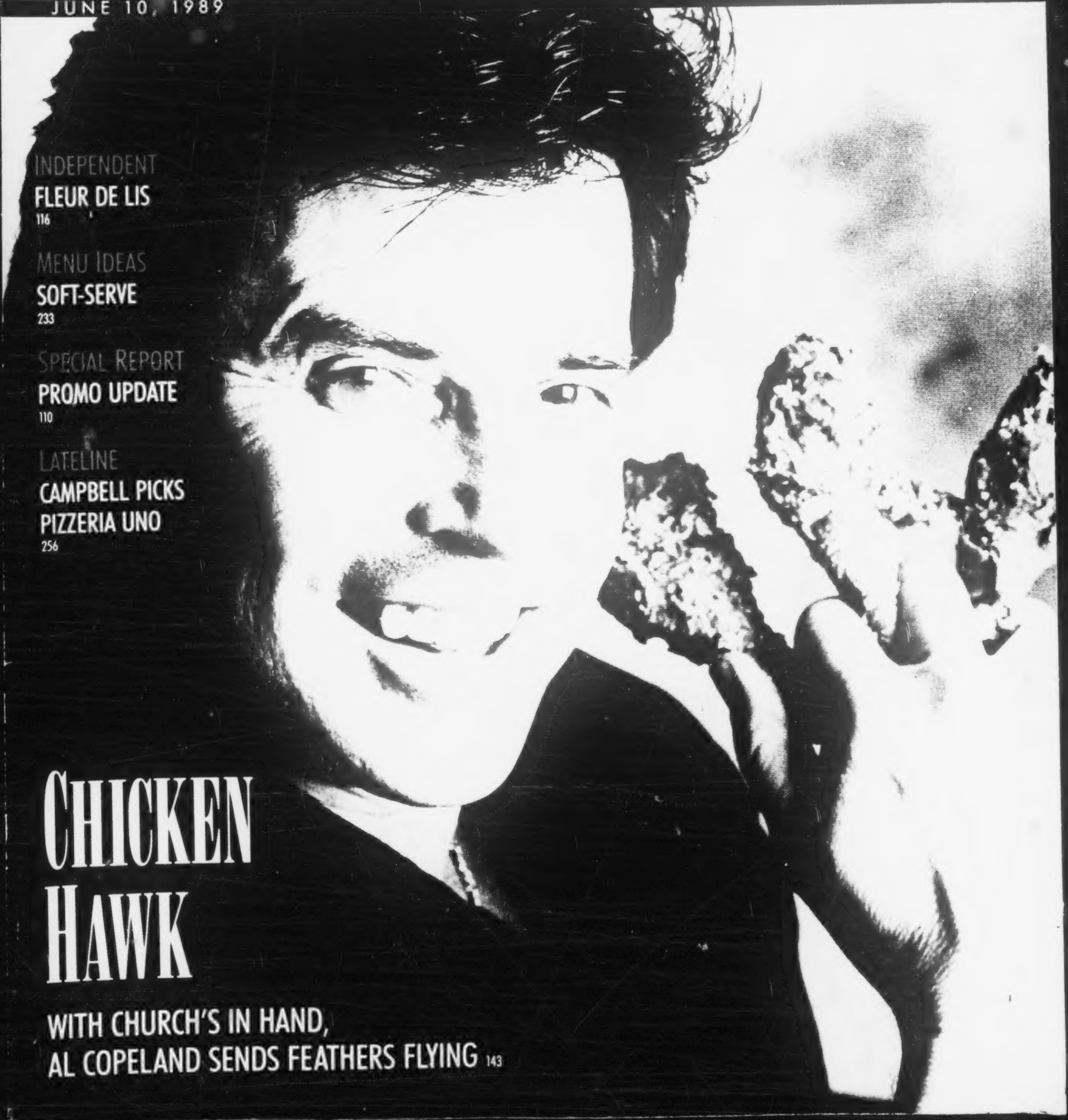
MARKET SEGMENT REPORT **COUNTRY/BARBECUE** 179

Restaurant Business

JUNE 10, 1989



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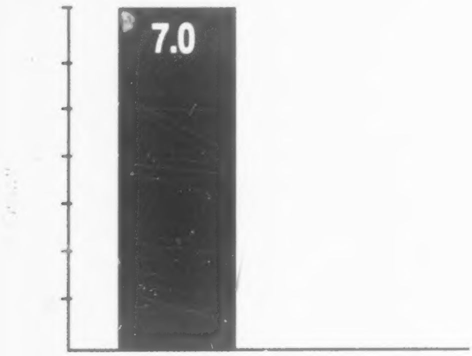
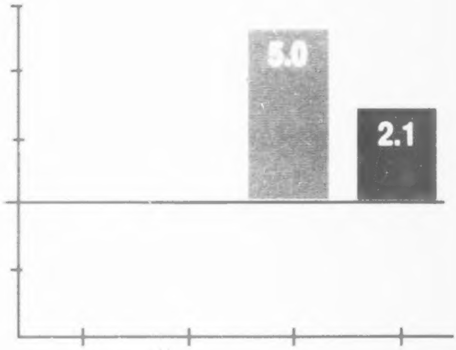
BUSINESS BAROMETER

THE HARD FACTS SHAPING OUR INDUSTRY



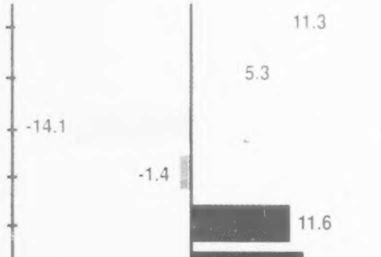


CPI Favors Eating Out

According to the U.S. Department of Labor, the Consumer Price Index (CPI) for food away from home (FAFH) jumped a relatively modest 4.6% in the first quarter of 1989 versus the same period last year. This compares to a 7.0% increase in the CPI for food at home (FAH). While the CPI increase for FAFH has been lower than the CPI for FAH over the last nine months, inflation in FAFH has been increasing over the past 15 months. The CPI for FAFH has increased 3.6%, 4.0%, 4.2%, and 4.3%, respectively, in the first through fourth quarters of 1989.

Upscale Market Rebounds

According to data from CREST, a service of NPD Research, customer traffic rebounded at upscale restaurants during the winter quarter. Customer traffic jumped 5.0% in the upscale segment versus a 1.1% drop in the fall quarter and similar decreases throughout most of 1988. Quick service continued to show growth with a 3.4% traffic increase versus just 0.6% in the fall. Midscale operators, however, continued to show real declines. Customer traffic dropped another 2.1% in the winter quarter after a 2.3% decrease in the fall.



4th Qtr. 1988 Public Company QSR Results
% Change in Revenues

Burgers Post Best Results

Revenues from quick-service restaurant (QSR) operations increased a healthy 11.3% in normal terms for the 33 largest publicly held restaurant chains during the fourth quarter of 1988 (ending February). Mexican and All Other chains, however, experienced revenue declines. The burger segment accounted for a 13.4% increase in revenue, supported by a 14.6% gain by McDonald's. Thanks to a moderate revenue growth by the largest publicly held chicken chains, revenues increased by 11.6% in the segment.

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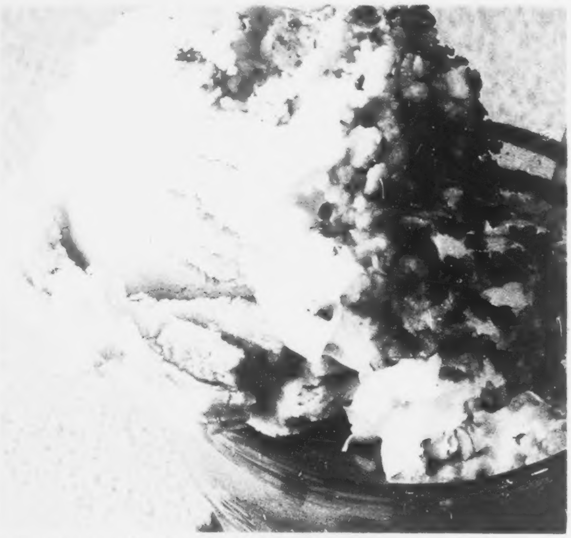

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Cover photograph by Michael Terranova

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The Seventh **SYMPOSIUM ON AMERICAN CUISINE**, *co-sponsored by* Restaurant Business, *will take place in Santa Fe, NM, Sept. 10-13, 1989.*

For more information, contact: Symposium on American Cuisine, 304 W. Liberty St., Suite 301, Louisville, KY 40202.

REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct all reprint inquiries to: Editor Peter Berlinski, Restaurant Business *magazine, 633 Third Avenue, New York, NY 10017.*

Produce Marketing Association .... **Part II**

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THE EMBASSY SUITES SAGA

Embassy Suites, the all-suite division of Holiday Corp., has developed an interesting food & beverage strategy: It lets someone else do the cooking. The Dallas-based company signs contracts with local operators and chains who can provide well-known, branded foodservice to its hotel guests. This strategy allows Embassy Suites to concentrate its resources behind its expertise: lodging.

MARKET SEGMENT REPORT

STEAK

Beef is back, and the steak segment is benefiting. But declines in beef consumption in the '80s have already changed the segment, as operators diversified menus.

MENU IDEAS

AMERICAN COUNTRY COOKING

American cuisine has come a long way in the past decade, but today some of the most interesting developments are in country cooking. This month, *RB* travels the country to find out how chefs are adapting our native cuisine.

DRAFTS, CARAFES & SPIRITS

WORLDWIDE WINES FOR VALUE

Savvy operators are turning to the lesser-known wines of France, Spain, Italy, and the United States to offer value to their customers.

EQUIPMENT I.Q.

FOOD PROCESSING EQUIPMENT

Food processing equipment provides important menu versatility to the operator.

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THE
HRI
PROJECT

Alternative LABOR

THE SHORTAGE OF WORKERS BEGINS WITH OPERATORS' LACK OF RECRUITMENT.

Despite a growing labor shortage, four groups of potential employees—minorities, seniors, women, and the handicapped—are not being fully utilized by the foodservice industry. This situation presents a human resources dilemma and a serious challenge for managers and operators.

Last fall, *Restaurant Business* asked four Hotel, Restaurant, and Institution schools—the University of New Hampshire, Purdue University, the University of Houston, and Michigan State University—to research the problem of recruitment and retention of these alternative sources of labor.

Each school used its academic resources to help us develop solutions to this problem. Professors had both their undergraduate and graduate students conduct various surveys to investigate operator attitudes and strategies regarding alternative labor.

Their conclusions? The industry has a long way to go to fully integrate these potential workers into the labor pool. What follows are each school's research results and recommendations.

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BY SHELLEY WOLSON

THE HRI PROJECT

THE ACUTE LABOR SHORTAGE MEANS THAT OPERATORS CAN'T OVERLOOK ANY GROUP OF POTENTIAL WORKERS.

University of New Hampshire

According to UNH's telephone survey of 35 operators, the following recommendations may help in the battle to retain and recruit the four groups of workers:

SENIORS	Retention for older workers can be increased by allowing them to work shorter hours and flexible shifts. Specially planned social events would be a lure to the work environment and help attract and retain senior citizens.
HANDICAPPED	Facilities should be provided for handicapped persons to make them feel comfortable performing their job tasks. This would include ramps for wheelchairs, lower benches, automated doors, larger kitchen floor space, and equipped rest rooms.
ETHNIC MINORITIES	Promotion and retention of this group can be accomplished by offering English as a second language either on property, or through a local school. Managers should have a foreign language background or take classes to improve communication. Warning signs and other important information should be written in other languages to make work environment safe and more comfortable.
WOMEN	Day care and maternity programs will prove to be the most important in giving employers the competitive edge in attracting and retaining qualified female workers. Promotion from within will also aid retention.

For their study on how well restaurateurs are making use of alternative labor sources, students at the **University Of New Hampshire's Whittemore School of Business** randomly selected 35 restaurants in New England for a telephone survey. They interviewed operators in six major cities and suburbs.

Using a matrix to cross reference the four employee categories (ethnic minorities, women, seniors, and the handicapped), UNH students asked operators the following questions: Why do you reject a potential employee for employment or promotion? Where do employment or advancement opportunities exist? In what types of operations, and at what levels? What are the hours, working conditions, and pay?

Students found that the reasons for poor retention and recruitment differed between the four groups in the Northeastern area. For example, the main factors that lead employers to reject ethnic minorities are language difficulties and immigration laws. Women, however, were found to be actively employed and promoted at all levels.

For handicapped people and seniors, there are obstacles, the report notes, "due to the nature of the work involved in operating a restaurant in its peak production periods. But if a handicapped person or senior citizen is able to do the job, they are seldom turned away."

It was found that most of the opportunities for handicapped people are in the kitchen; employers generally do not want visibly handicapped individuals in full view of the restaurant's guests. Also, promotion for some positions may be virtually impossible for some handicapped people, depending on the severity and type of disability. Seniors were found in many entry-level positions; long-term employment commitments were not being pursued by that group.

UNH's recommendations (see chart on this page) center on making all four groups more comfortable in the work environment, thus enhancing productivity and reducing turnover: "The acute labor

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EDUCATION

THE HRI PROJECT

THE PROBLEM: OPERATORS DON'T VIEW THEIR NOT HIRING MINORITIES AND WOMEN AS A PROBLEM.

shortage in the Northeastern U.S. prevents any wise restaurateur from categorically rejecting any class of workers. On-site day care, immigration assistance, transportation, and housing subsidies will position the modern operator in an enviable employment environment vis-a-vis his competition."

UNH students offer the following example from their interviews: At one Oriental restaurant, located in a rural area outside of Boston, the operator provides transportation two or three times a week to the establishment for his cooks from Chinatown. He couples this benefit with housing that he provides on a 100% subsidized basis. UNH strongly recommends providing these kinds of benefits when possible, along with other incentive programs, to retain workers.

Purdue University's Department of Restaurant, Hotel, and Institutional Management focused its research on minority employment in the restaurant industry.

Students contacted 187 restaurants by phone and asked managers or assistant managers 11 questions. The survey queried operators on the number of minority workers they employ, the problems they have in attracting this group of potential employees, and their attitudes toward minority qualifications for employment.

Sixty percent of the restaurants have 26 to 50 employees. These are mid-size establishments located in cities of less than 50,000 population. While these cities do not have the large minority populations of larger cities, there are still sizable numbers in these cities. Only 10% of these operators' staffs are minorities.

Seventy four percent of the respondents said they had trouble attracting and retaining qualified workers because of the industry's poor image and relatively low wages. But, Purdue students point out, "The bottom line is that 88% of the companies have not done anything to recruit, attract, or retain members of minority groups, thus missing out on a potentially valuable labor resource." In addition, the majority of the participants cited poor work attitudes and poor communication skills that hurt minorities' chances at employment at their establishments.

Because of this belief, students felt this might explain why operators may not have done more to attract or recruit minority workers.

Purdue students found that these operators did not have a lot of answers as to how to correct this situation. "This can be partially attributed to the fact that they don't think they have a problem and that they don't see minorities as an underutilized group they seek to work with," the report says. They concluded that what is needed is an industry conference that would bring together industry people, academic experts, and other groups to discuss and exchange ideas on how to bring more minorities into the industry's work force.

(Note: In January, the National Restaurant Association held such a program, a symposium called "Foodservice Employment 2000," where representatives from a variety of groups met and shared strategies to meet foodservice recruitment, retention, and advancement needs.)

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Purdue University

This study, through 187 telephone interviews with Indiana fast-food operators, determined some key statistics about the problems of retaining minority workers.

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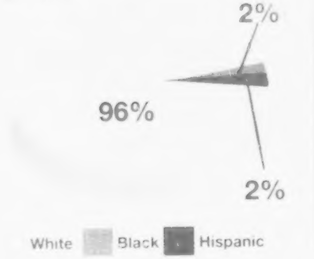
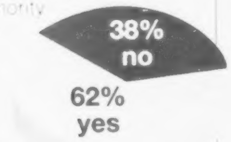
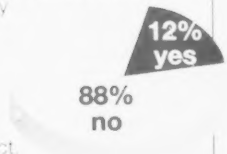


Percentage of operators who said that minority job-seekers are less qualified to work at their restaurants



Percentage of operators who said that any member of their company had done anything special to recruit, attract, and retain members of minority groups



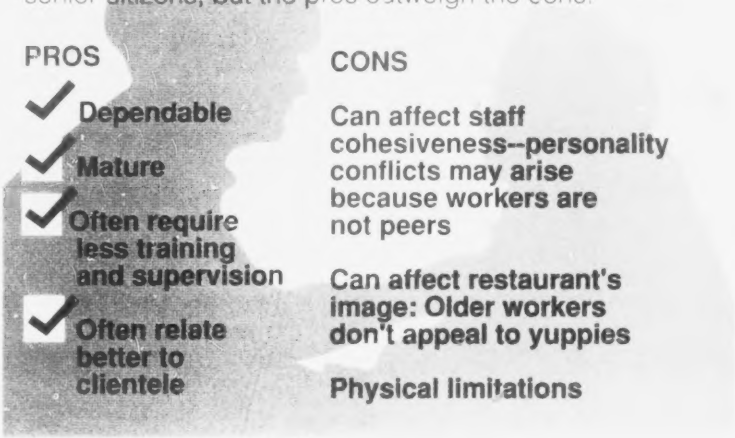
THE HRI PROJECT

CAFETERIAS OFFER MORE OPPORTUNITIES FOR SENIORS; PHYSICAL LIMITATIONS AND IMAGE ARE NOT AS CRITICAL.

University of Houston, Hilton College of HRM

HIRING SENIORS

Employers may be hesitant to hire older workers because they often need special considerations. According to this college's survey of Houston operators, it's even tougher for the elderly in the Houston market because there is a labor surplus. The researchers concluded that there are both pros and cons to hiring senior citizens, but the pros outweigh the cons.



PROS	CONS
☑ **Dependable**	**Can affect staff cohesiveness--personality conflicts may arise because workers are not peers**
☑ **Mature**	**Can affect restaurant's image: Older workers don't appeal to yuppies**
☑ **Often require less training and supervision**	**Physical limitations**
☑ **Often relate better to clientele**	

The University of Houston's Hilton College Of HRM conducted a series of interviews to determine if Houston operators actively recruit senior citizens for their staffs, and to assess restaurateurs' attitudes about doing so. The surplus of younger workers in the Houston area, an attitude that seniors are not as capable, and the "negative" image of using older workers visibly (in the front of the house) were some of the reasons some restaurateurs are not actively reaching out to the older community. Another problem is that, according to the Houston Restaurant Association, there are more applicants than jobs. However, some operators acknowledged that sometimes senior citizens can be more desirable employees than teens, especially in the cafeteria or family-style segments.

Cafeterias offer more opportunities for older workers, the report notes. "Physical limitations and image are not as critical in this type of operation." Because older workers tend to be placed behind the serving line, the worry of not attracting a younger clientele doesn't exist.

Many operators lauded McDonald's successful efforts to recruit seniors, and pointed out that older workers often function as role models for younger staff, in addition to performing their other duties. Still, most operators refrain from using this alternate labor source. "Turnover is a fact of life in the restaurant industry, even though operators don't like it. Restaurateurs will not attempt innovative ways to keep employees or find new sources of labor unless they perceive a crisis situation in the labor force," the report concludes.

Michigan State University's School Of Hotel, Restaurant & Institutional Management undertook a study of women in the foodservice industry. Their research confirms that women are underutilized in foodservice management, just as in other service and business industries. Those women who do attain managerial positions in hospitality soon leave their positions due to inequality in compensation, raises, and bonuses, the researchers found.

A lack of maternity and day-care programs doesn't help either. "The hospitality industry is facing a labor shortage problem, yet it is simultaneously not caring for the needs of working parents. If the industry offered a more attractive maternity leave policy it would attract more women and help reduce the labor shortage," MSU students report.

Another problem unique to women in the industry and in business is that of obtaining credit to open a restaurant. According to experts, commercial banks do not provide credit equitably to men and women. Students found one positive step forward: the Small Business Administration's Women Business Ownership Program. The SBA sometimes is able to provide financial help not only to women but also to other minority groups seeking backing for new business ventures.

These researchers concluded that many challenges still lie ahead for women in foodservice: "If women are to be a vital part of the hospitality industry, we must be able to see, understand, and take action against any and all sex discrimination. As women become more evident in the work force, many of the past discriminations will lessen." ∎

MARKET
SEGMENT
REPORT

COUNTRY BARBECUE

DESPITE CUSTOMER INTEREST, the barbecue and country segments remain difficult because preferences are strongly regional. No chain has yet to develop a national presence. But in their regions, smaller chains and independents have carved out profitable niches. And some dishes, such as barbecued ribs and country-fried steak, have migrated into mainstream menus.

RIB TICKLING. The 130-unit Tony Roma's is the largest and most successful rib concept. It is the notable success in a category shadowed by Luther's failure to become a national barbecue chain some years ago.

The privately owned Dallas-based chain has strongholds in Southern California, Florida, and New York. It has franchised 25 units overseas, in Canada, Japan, Australia, several Caribbean nations, and the United Kingdom.

Roma's rib selection includes baby back ribs, St. Louis-cut spareribs, beef ribs, and a couple of new rib products added in the past year: Carolina honey ribs (a large rib with a molasses and honey sauce) and spicy Cajun pork ribs.

"Despite what they say about strong regional tastes, our baby back ribs are best sellers in every one of our restaurants in various markets," says vice president of marketing Gene Eskew.

Roma's also menus a few nonbarbecued dishes such as grilled seafood and poultry and ribeye and sirloin steaks, for a broader appeal and to reduce the "veto factor" in mixed parties. Lunch fare is lighter, with croissant sandwiches, soups, and salads menued along with lunch-size rib portions. Prices range from $10.95 to $12.95 for a dinner portion (not quite a full slab) of baby back ribs, depending on the market. A

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No player has national presence, but regional chains and independents have carved profitable niches.

By James Scarpa

The County Line Barbeque offers wood-smoked items in an upscale '40s-theme roadhouse atmosphere.

MARKET SEGMENT REPORT

COUNTRY BARBECUE

full slab runs $12.95 to $15.95.

The potential of ribs has not been lost on USACafes L.P., the Dallas-based master franchisor of Bonanza family restaurants. In 1987, USACafes debuted Ribby's Express Barbecue, a quick-service drive-thru and delivery barbecue concept. For the past two years, USACafes has nurtured two company-owned Ribby's kiosks in Dallas. Now, pleased with their performance, it says that franchise expansion is at hand for Ribby's over the next year.

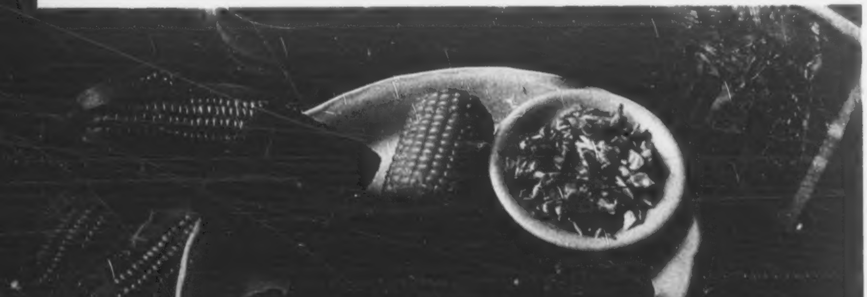
"Some highly experienced restaurant players in the Gulf states are interested in Ribby's," says president and CEO Jeff Rogers. "And we're on the verge of having some pilot units opened by Bonanza area developers."

Rogers says he is especially pleased with Ribby's delivery business, which has hit 45% of sales, surpassing its target of 40%. And, as anticipated, barbecue holds up well in delivery. Delivery is free within a limited area for a $5 minimum order from 11 a.m. to 5 p.m., and for a $10 minimum order after 5 p.m. Major credit cards are accepted.

USACafes has built value as well as convenience into the concept. Ribby's charges $6.99 for a full rack of barbecued baby back ribs and $24.99 for Ribby's Family Feast, which comprises 13 ribs, 4 chicken quarters, 4 sausage links, and a half-pound of rib tips.

INDEPENDENTS. Despite these chain forays into barbecue, independent operators still dominate the category.

The New Jersey shore is hardly known as a barbecue hotbed. But pioneering independent operators Mark and Connie Strassburg have found Atlantic Highlands, NJ, a good market for Memphis Pig Out, their Southern-style barbecue restaurant bedecked with pig paraphernalia. They enjoyed a thriving summer, while competing seafood operators felt the sting of rising fish prices and contamination scares.



Nashville-based Po Folks' idea of country cooking is ribs, freshly baked corn bread, and lots of vegetables and side dishes.

Memphis Pig Out serves Memphis-type barbecue to more than 350 customers on weekend nights. Meats are dry-rubbed with spices, then slowly smoked over hickory wood. The "secret" ingredient, which the owners say distinguishes the house barbecue sauce, is meat drippings.

Almost 75% of sales come from spareribs and baby back ribs. Prices range from $8.95 to $13.95. In addition, New Jersians are catching on to "the favorite of expatriate Southerners—pulled pork shoulder," says Mark Strassburg.

Some of the more popular dishes, such as barbecued ribs and country-fried steak, have migrated onto mainstream menus.

In College Station, TX, independent operator John Beltrand of Tom's Barbecue recreates a rough-and-ready frontier days atmosphere. His Aggie Special, the cult favorite of Texas A&M University students, is a bountiful barbecue spread that handles big appetites, at $4.50 a head. To feed three people, Beltrand serves a pound and a half of sliced barbecued beef brisket, a basket of white bread, a whole pickle and onion, a chunk of cheddar cheese, and warm barbecue sauce in a pancake syrup dispenser. It's served unceremoniously on butcher paper with a single knife as the only utensil.

In the highly competitive Atlanta market, Jilly's, The Place For Ribs, a four-unit Roswell, GA-based chain, is fighting back by broadening its menu. General manager Harry McMahan has added steaks, burgers, salads, and seafood to the menus of the two franchised Jilly's stores he runs. Yet he clings to the rib specialist reputation. "We have to do ribs better than a place with a 200-item menu," he says. The two franchised Jilly's purchase 40 to 60, 30-lb. cases of ribs per week, he says.

BBQ. The largest chain in the country specializing in wood-smoked, Southern-style barbecue is Gainesville, FL-based Sonny's Real Pit Bar-B-Q. It has 77 full-service stores; 50 are in Florida. Total sales last year topped $73 million.

Early this year, founder and owner Sonny Tillman sold the franchising

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COUNTRY BARBECUE

company and four company stores to M Group International. M Group president Robert B. Malkani says he plans to increase both franchising and company store expansion in the Midwest and East as well as the South. The new Sonny's regime anticipates 10 franchise openings this year—a company record, says director of franchise development Bill Arnold. It is evaluating its first in-line strip center unit in Tampa and a fast-food prototype store.

Another traditional barbecue concept is Cocoa, FL-based Fat Boys' Bar-B-Q. Fat Boys' is a 34-unit system all but two are franchised—featuring both full-service "leisure" stores and quick-service units. Estimated total investment to open a leisure restaurant that seats 167 is $607,500 to $749,000, while the 64-seat drive-thru unit ranges from $459,000 to $578,000.

"Years ago, there was no barbecue equipment, only fire-brick pits," recalls Fat Boys' president Jay Bradley. "This made it difficult to sell large volumes of barbecue." But today, efficient modern equipment has replaced the old barbecue pits.

Despite customer interest, barbecue and country remain difficult to crack because preferences are strongly regional.

Fat Boys' trims the meat, bastes it with sauce, then pre-smokes it until it is 50% done. The meat is then finished to order in a "service pit," says Bradley.

Bradley anticipates that Fat Boys' will expand to Omaha, St. Louis, and Reading, PA. There are two deals under negotiation in Orlando and inquiries from California. He expects that the concept's style of barbecue will find acceptance in the Midwest. "Their barbecue style is very similar to ours," Bradley says. "We might have trouble in the western Carolinas, though, where they use mustard sauce on chopped meat."

A CUT ABOVE. Upscale barbecue restaurants feature a barbecue experience with more atmosphere than the picnic benches and farm implement decor of traditional "barbecue barns."

The County Line Barbeque offers wood-smoked barbecue in an upscale '40s theme roadhouse atmosphere created with framed period issues of *Life* magazine and nostalgic music. The County Line Barbeque is an upscale chain based in Austin, TX, that operates 11 units in Texas, Colorado, New Mexico, and Oklahoma, according to Don "Skeeter" Miller.

To justify its $12 average checks, The County Line smokes its food over hard woods for 18 to 20 hours. Bread and ice cream are made on premise. The restaurants even have a wine list specially selected to accompany barbecue—something few competitors can match.

Also a far cry from the down 'n dirty smokehouse barbecue is Randall's Ribhouse, a Levy Restaurants concept located near Chicago's Magnificent Mile. It is decorated with black-and-white checkered tablecloths and artwork from Chicago galleries.

The 180-seat, full-service restaurant also seats 75 in its outdoor cafe. House

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Ribby's
EXPRESS BARBECUE
RIBS • CHICKEN • SANDWICHES

USACafes has plans to franchise and expand Ribby's Express Barbecue, a quick-service drive-thru and delivery barbecue concept.

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Nashville-based Lee's Famous Recipe Chicken has a broad menu that goes well beyond fried chicken to include barbecued ribs and country dishes.

specialties are baby back ribs ($14.95 full slab, $11.95 half slab), veal back ribs ($13.95), and Texas beef ribs ($14.95), slowly smoked over applewood and served with Randall's Famous BBQ Sauce. The sauce is also sold to go for $1.95.

Rib-It is an eight-unit chain in Philadelphia and South Jersey that doesn't put all its bones in one basket. The concept competes as a casual dining place, a sports restaurant, and even a family restaurant, says president Steven M. Lewis of Norristown, PA-based U.S. Dining Inc.

> *The most successful arena is the midprice market—restaurants like Po Folks and Cracker Barrel.*

A live sports radio show broadcast from Rib-It in downtown Philadelphia has given the concept a big publicity boost, Lewis reports. A children's placemat menu entertains with frog cartoons, puzzles, and dishes such as Double Doggie ($2.95) and Kiddy-Parmigiana ($3.95).

U.S. Dining acquired Rib-It in 1987 as a five-unit, $7.5 million chain. Since then, Rib-It has added three more units, and Lewis projects that sales will reach $15 million to $18 million this year. Franchising is under consideration; the success of the first Rib-It outside metro Philadelphia, to be built this year in Camp Hill, PA, will be a deciding factor.

FRANCHISING. Franchising is in the cards for Trotter's Barbecue, a four-unit chain based in Springfield, MO, that operates in southern Missouri and St. Louis. Units average 900 to 1,000 covers per day. In fact, waiting lines at times snake around the buildings, according to director of operations John Garnier. Trotter's first franchise is slated to open this year in Arnold, MO, outside St. Louis. Several other franchise deals are in the works, including a Kansas City store. "Before we considered franchising, we committed ourselves to having the franchises run as well as our company stores," says Garnier.

Trotter's popularity is based on hickory-smoked meats, an extensive food bar, and 40 varieties of pie. The full-service restaurants seat 175 to 180 in a "contemporary Western" atmosphere, says Garnier. Beer, wine, and liquor are served in locales that permit it. Rib prices range from $8.25 for a four-rib portion to $14.65 for a full slab.

Damon's, The Place For Ribs, celebrates its 10th anniversary this year

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At Fat Boys' Bar-B-Q, meat is trimmed, basted with sauce, presmoked until it is 70% done, then finished to order in a "service pit."

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The 250-unit, Minneapolis-based Country Kitchen chain menus a mix of conservative homestyle and mainstream dishes. Homestyle dishes include country-fried chicken, calico bean soup, and country-fried steak.

with prospects of continuing sales and unit growth. The group consists of Damon's Inc., the 13-unit master franchisor, which is based in Hilton Head, SC, and two master subfranchisors, Columbus, OH-based Damon's Management Inc., which has 18 units, and Myrtle Beach, SC-based Damon's Eastern Carolinas, which is preparing its second unit opening. The system will achieve its first million dollar sales week sometime this spring on the way to $50 million in annual sales, projects president Ray Nevin.

Master subfranchisor Damon's Management Inc. will enjoy an infusion of expansion capital this year as a result of being acquired by its franchisee, Park Hotel Management Corp. of Columbus, which has four units. It expects six additional openings in 1989, to be followed by at least nine in 1990, says director of franchising Vincent Simonetti. Damon's future growth formula will be 50/50 company/franchised units.

Damon's has a limited menu that includes barbecued ribs ($10.95 to $12.95), barbecued shrimp ($13.95), a rib-and-shrimp combo dinner ($12.95), as well as steaks, onion ring loaf, chicken, and a seafood loaf of the day. Cole slaw and applesauce are favorite accompaniments.

Emil Villa's Original Hick'ry Pit is a concept "whose name doesn't do it justice," says president and CEO Michael Kwiatkowski. He feels that the name has been a marketing impediment for the 10-unit San Francisco Bay Area chain, which his Oakland-based Pacific Coast Concepts Inc. acquired from Clorox Co. in 1986.

Wood-smoked steaks, hams, and ribs are key to the concept. But breakfast is big business, too, featuring freshly baked danish, freshly made sausage, and barbecued ham sliced off the bone. Another Emil's signature is 20 varieties of pie baked daily. Emil's serves full-service breakfast, lunch, and dinner to an average of 1,000 customers daily. The 165-seat Walnut Creek, CA, store averages 1,600 covers daily. The check average is $6.50; the average annual unit volume is $2 million.

Upscale restaurants offer a higher degree of atmosphere than the farm decor of traditional "barbecue barns."

This year, Emil's will grow by two units, Kwiatkowski says. He plans to cluster new units within a few miles of existing ones to capitalize on name recognition. Ultimately, Kwiatkowski would like to acquire a midsize regional restaurant chain as a growth vehicle.

Since 1975, the five-unit Gridley's Bar-B-Q chain has passed the competitive test in Memphis, one of the nation's hotbeds of barbecue. Founder Clyde Gridley has filled a niche for high-quality barbecue in both full-service and quick-service modes, including a substantial carry-out business. The four company restaurants garner sales of about $7.5 million, not counting catering, retail sales of its barbecue sauce, and air express delivery of barbecue. The sole franchised store in Jackson, MS, has done well since 1982.

Gridley's smokes its meat over hardwood and hickory for 16 hours. Barbecued ribs account for 50% of sales; barbecued pork shoulder, either pulled or chopped, accounts for 30%. Other barbecued items include brisket, chicken, and Cajun shrimp. Memphis customers like to put coleslaw on their barbecue sandwiches.

Ft. Lauderdale, FL-based Bobby Rubino's Place For Ribs has rolled out a new image campaign called "Honest American Food." TV, radio, newspapers, and outdoor signage carry the message in its lead South Florida market. TV spots contrast Bobby Rubino's signature barbecued baby back ribs ($12.95), barbecued chicken ($6.95), and barbecued shrimp skewered with pineapple chunks ($12.95) in a "humorously negative way" with competing fare such as sushi and pizza.

The 10-year-old, privately held Bobby Rubino's has 20 full-service barbecue restaurants, half of which are franchised. In addition to its Florida stronghold, stores are located in New York, Pennsylvania, California, and Canada. Systemwide sales approximate $40 million. Several new locations are expected to open this year.

Dr. Rich Davis, who entered the foodservice business via his bottled barbecue sauce, hopes to grow his restaurant concept, K.C. Masterpiece Barbecue & Grill, into a chain. The 160-seat flagship K.C. Masterpiece Barbecue & Grill opened two years ago in Overland Park, KS. Projected sales this year are $2.5 million. Checks average $7 at lunch, $13.25 at dinner. A second store opened recently in St. Louis. Chicago may be next.

"It's a lot of trouble to stay authen-

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Barbecue and country dishes are well-seasoned and robustly flavored. Their appeal is variety, novelty, nostalgia, and comfort.

tic," says Davis. In his operation, the meat is rubbed with seasonings, then slowly smoked in a closed hickory pit for 12 to 14 hours. Any remaining fat is carefully trimmed away before serving.

Prolonged smoking and trimming fat reduces yield and raises food cost, but it has health as well as flavor benefits, says son Charles Davis, a company vice president. "In Kansas City and the Midwest, cholesterol is not much of a concern. But it will be, someday," he says. Another problem is the need for skilled labor. "It's very difficult to find or train a good barbecue cook," says Charles Davis.

But K.C. Masterpiece won't compromise its standards for expansion. "If it can't be done right on a large scale, we'll hold the company at two or three restaurants," Charles Davis says.

CASUAL DINING. Ribs fit in well with the good times and fun-food atmosphere of the casual dining segment. H.I. Ribster's is a fledgling rib concept decidedly in the casual-dining vein. The three-unit chain was one of several concepts acquired last year from Gilbert/Robinson (G/R) Inc. by a group of former G/R executives. They formed Creative Restaurant Management Inc., based in Shawnee Mission, KS.

The 40-item H.I. Ribster's menu features barbecue and plenty of diversity. Barbecued baby back ribs ($13.95), beef ribs ($10.75), and rotisserie barbecued chicken ($9.75) are signatures. Also menued are roast prime rib ($13.95), filet mignon ($13.95), chicken-fried steak ($6.95), nachos ($3.95), a produce and pasta bar, and hamburger platters ($5.45 to $5.95). The menu also promotes daiquiris, margaritas, beer, and wine.

Another casual-dining concept that features ribs is G/R's 27-unit Darryl's chain. Although Darryl's was founded in Raleigh, NC, and trades mainly in the South, G/R has taken care to avoid stereotyping it with the "country" label. "Darryl's was in a position to acquire a Cracker Barrel type of image, but we resisted it," says culinary director Doug Czufin. "It's a casual dining restaurant, and we expect to expand in that regard."

Barbecue pork and beef ribs are signature items, accounting for 25% of sales. But they appear in an extensive menu that includes dishes as diverse as fettuccine carbonara, fried clam po' boys, tuna melts, hamburgers, and pasta salads.

Darryl's strives for both a "fun" casual dining atmosphere and family appeal. It hopes to foster both with a pair of new items this spring. One is the Roadside Chicken Sandwich, a barbecued chicken breast dressed with onions, bacon, and cheese, served in a bun marked with tire tracks made with a branding iron. The other is the Peanut Butter Sandwich Construction Kit, which serves kids a PB&J in a plastic truck.

COUNTRY COUSINS. The most successful arena for country cooking is the full-service, midprice restaurant market. Restaurants like Po Folks, Black-eyed Pea, and Cracker Barrel revel in country atmosphere and regional dishes. Others, like Bob Evans, Country Kitchen, Shoney's, and Marie Callender's, incorporate country flavor into their menus and decor to varying degrees, but position themselves closer to the mainstream to appeal to broader constituencies.

"When you hear 'country,' you think of two things—fresh-baked biscuits and corn bread and lots of vegetables and side dishes," says marketing director Mike McNeil of Nashville-based Po Folks, a 144-unit family-oriented chain.

Po Folks certainly fills that expectation. Dinners include a choice of two of its 16 vegetables and side dishes, including turnip greens, fried okra, black-eyed peas, red beans and rice, seafood gumbo, and "po-tater" salad. Also available are its freshly baked "biskets" and corn bread.

Apart from its food, Po Folks has attracted notoriety in recent years because of its financial struggles. Now, executives believe the company has turned the corner on its difficulties. Po Folks exited Chapter XI protection early this year and named former executive vice president and CFO John Scott to succeed interim boss John Theoharis as president and CEO. Scott will implement the company's reorganization plan using $2.4 million in operating capital raised by an equity offering to private investors.

Weekly same-store sales gains since last October are buoying the spirits at Po Folks, reports McNeil. Promotions and new menu rollouts have helped; the

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Black-eyed Pea, the growth-minded 50-unit country chain, is operated by Dallas-based Prufrock Restaurants, a subsidiary of the British firm Unigate PLC. The chain is dedicated to "home cooking worth going out for."

the Black-eyed Pea

new "Maison-Dixon" meatloaf dinner ($5.29), pot roast dinner ($5.49), and catfish "fee-lays" ($6.69) join the menu alongside Po Folks favorites such as "kuntry"-fried steak and fried chicken.

A recent seafood promotion at Po Folks offered customers a choice of clams, oysters, crab cakes, scallops, haddock, catfish, or shrimp, fried and served with hush puppies and coleslaw. Another promotion allowed customers to "mix and match" seafood and a homestyle item such as kuntry-fried steak or a pork chop.

Black-eyed Pea is dedicated to "home cooking worth going out for" with a few concessions to lighter eating. The growth-minded 50-unit country chain is operated by Dallas-based Prufrock Restaurants, a subsidiary of the British firm Unigate PLC.

The most popular entrees are chicken-fried steak and chicken-fried chicken (each priced at $5.45). A combination plate with a choice of three vegetables and a salad is the second best seller in a number of stores (priced at $4.50), reports operations vice president Ricky Richardson. Also popular are Mom's Meat Loaf ($4.95) and crispy deep-fried catfish ($5.75). Black-eyed Pea offers the customary country vegetables and side dishes such as fried okra, red beans and rice, battered and fried corn on the cob, and of course, black-eyed peas.

One of Darryl's "fun" menu items is its Roadside Chicken Sandwich, a barbecued chicken breast dressed with onions, bacon, and cheese, served in a bun marked with tire tracks.

In addition, Black-eyed Pea recognizes the concerns of health-conscious customers with dishes such as baked whitefish ($5.75), grilled chicken salad ($5.25), charbroiled chicken breast ($5.75), and whole wheat rolls. The menu notes that all frying is done in vegetable oil.

From its Dallas base, which supports a 19-unit cluster, Prufrock has spread the concept as far as suburban Washington, DC, where it opened its 50th unit this year, and Denver, where seven units mark its first franchising foray.

Prufrock's projections call for opening eight to 12 new Black-eyed Pea stores annually over the next few years, both franchised and company-owned. Target areas are Virginia, Maryland, the Carolinas, and greater Washington, DC.

Many midscale chicken chains such as Grandy's and Mrs. Winner's also specialize in country cooking.

Also attracting attention is Lebanon, TN-based Cracker Barrel, which has pushed volumes as high as $2 million in some units. Sales for the fiscal year ending August 1, 1988, totaled $125 million. This spring, the company reported a 14% same-store sales increase and a 16% rise in gift shop sales. The company owns and operates 69 stores in 12 states. The concept is full-service and family-oriented.

This year, Cracker Barrel raised $22 million to fuel expansion with a common stock offering. It has maintained a 20% expansion rate, opening 12 stores last year; 15 are targeted for this year. Most units are located on interstate highways; I-75 Southeast from Tennessee to Florida is a strong market. The chain has branched out as far north as Ft. Wayne, IN. "We haven't seen any geographical limits so far," says CFO Jimmy White.

Breakfast, which is served all day, has long been a mainstay of the chain, garnering 25% of business. Other menu items include barbecued baby back ribs, a 10-oz. ribeye steak, chicken and dumplings, catfish, and pork chops, served with biscuits or corn bread and an array of vegetables. The company is testing country-fried steak.

HOMESTYLE. Columbus, OH-based Bob Evans Restaurants describes its chain of 220 family restaurants as "homestyle," according to vice president of marketing Roger Williams. "People find it more believable than 'homemade' or 'country'," he says.

Bob Evans creates the homestyle identity with dishes such as the Homestead Breakfast of eggs, sausage or ba-

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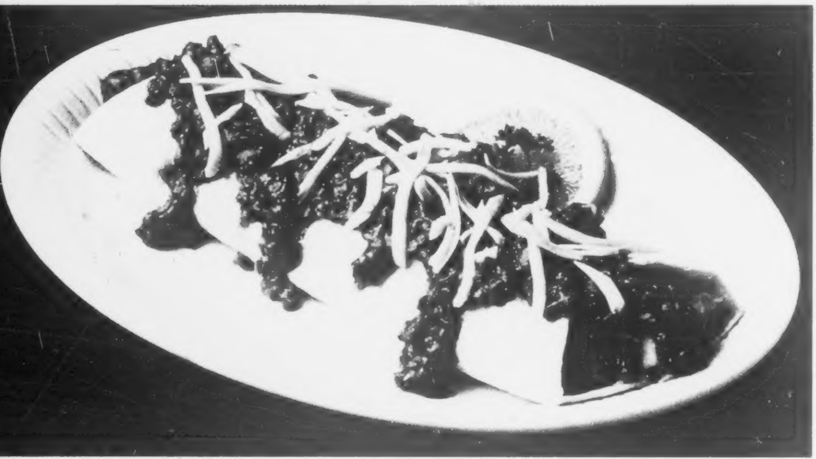

Bob Evans' Border Scramble is a large flour tortilla filled with sausage, fresh vegetables, and potatoes, topped with Texas-style chili and shredded cheese.

Columbus, OH-based Bob Evans Restaurants prefers to describe its chain of 220 family restaurants as 'homestyle,' rather than 'country.'

con, sausage gravy, home fries, and buttermilk biscuits (priced at $5.90); sausage gravy and biscuits ($3.30); chicken-n-noodles ($4.35); homestyle meat loaf ($4.95); country-fried steak ($4.95); fried or charbroiled catfish ($5.95); and its best-selling dessert, peanut butter pie ($1.60).

In recent years, Bob Evans has stretched its definition of homestyle to include a taco salad (priced at $4.25) and veal parmigiana with spaghetti ($4.95). Most recently, the chain added the Border Scramble (priced at $3.95), which is a large flour tortilla filled with sausage, fresh vegetables, and potatoes, topped with Texas-style chili and shredded cheese. New for health-conscious consumers this year are an omelet made with egg substitute, a fruit plate, and a raisin-bran muffin.

Conceptually, Country Kitchen is based on cooking reminiscent of Mom's kitchen. The 250-unit, Minneapolis-based Country Kitchen chain, a Carlson Companies subsidiary, menus a mix of conservative homestyle and mainstream dishes. Homestyle dishes include country-fried chicken, calico bean soup, and country-fried steak, last year's successful rollout. But the kitchen also dishes up Reuben sandwiches, veal parmigiana, and a double-decker Country Boy cheeseburger.

This spring, country-fried steak and eggs debuts as a breakfast item. It follows the acceptance of the country-fried steak platter, which was supported by TV spots that introduced the dish to unfamiliar audiences in the Midwest. In addition, meat loaf returns to the menu after an absence of several years.

ADDING VALUE. In general, country and homestyle chains have avoided serving alcohol, fearful of hurting the family-oriented image. But Juergen Bartels, president of the Carlson Hospitality Group, has called for the introduction of liquor service in Country Kitchens as a way of adding value and broadening appeal. Some 50 stores have added beer and wine, and a handful serve liquor.

Although based in Nashville and trading widely in the South, 636-unit Shoney's only dabbles in country cooking. Its menu emphasizes standard midprice family fare such as charbroiled hamburgers, fish 'n' chips, fried shrimp, and spaghetti. Shoney's country-fried steak dinner, served with milk gravy and rice or french fries ($5.29), has been a popular seller for more than seven years throughout its 20-state trading area, according to marketing manager Jeff Sowell. It also offers Lousiana-style fried fish with a specially seasoned breading ($6.19). Other country foods are found on its Breakfast and Fruit Bar: grits, biscuits and gravy,

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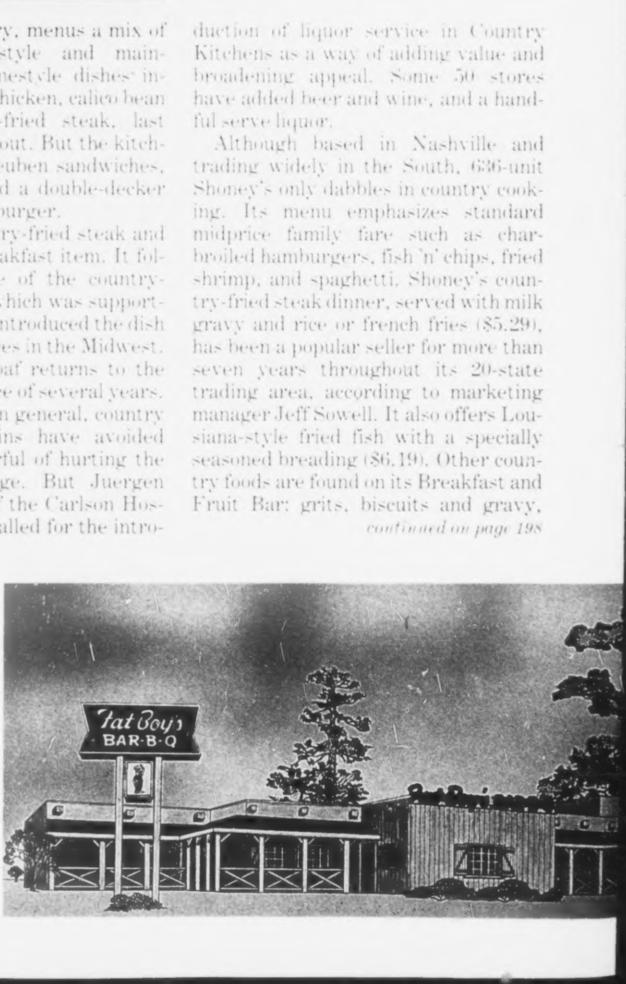
Cocoa, FL-based Fat Boys' Bar-B-Q is a 34-unit system; all but two units are franchised. The concept includes both full-service "leisure" stores and quick-service units.



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COUNTRY BARBECUE

and sausage rice.

Orange, CA-based Marie Callender's is a midprice restaurant chain often mistakenly assumed to be of Midwestern origins. After four decades of business on the West Coast, the 151-unit chain is "coming home" to the heartland for the first time. Its April opening in Aurora, IL, is the first of six restaurants slated to debut in the suburbs of Chicago, Milwaukee, and Minneapolis this year, paving the way for further Midwest expansion.

Callender's homestyle cooking and lace-curtained "homey Americana" decor will be a good match for Midwestern markets, says vice president of marketing Neil Naroff. The chain made its homestyle cooking reputation with scratch-cooked dishes such as meat loaf with country gravy ($8.25), breadbasket stew served in a hollowed sourdough loaf ($6.25), turkey pot pie ($5.75), chicken and noodles ($5.95), St. Louis ribs ($10.95), and more than 30 kinds of freshly baked pies.

This year will bring a change of ownership for Marie Callender's. It is being acquired from its parent Ramada Corp. by the New York City-based Wilshire Restaurant Group.

Buyout negotiations are also underway between Johnny Appleseed Restaurants, owned by the hotel-motel company Petlin Inc., and Ashton Trice, an original investor in the concept and former company officer. The eight-unit Fredericksburg, VA-based chain has stores in West Virginia, Virginia, Pennsylvania, and Orlando, FL.

■■■

> *The barbecue category has been shadowed by the failure of Luther's attempt at establishing a national chain several years ago.*

MARKET SEGMENT REPORT

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Johnny Appleseed's apple theme pervades the concept, beginning with a 14 ft.-high replica of the legendary Johnny Appleseed in front of the restaurant. Apple-oriented homestyle dishes are signatures, such as the McIntosh breakfast special, a pancake and bacon or sausage combo, apple pie, apple dumplings, and apple fritters ($2.64). The menu is broad, including chicken-fried steak ($4.76), fried chicken ($3.99), barbecued pork ribs ($7.99), lasagna ($6.81), spaghetti ($5.75), New York strip steak ($9.95), and broiled or fried whitefish ($6.86). Dinners come with a choice of two of 16 vegetables and side dishes including, of course, applesauce and fried apples.

CHICKEN-FLAVORED. Some of the players in the fried chicken segment, such as Lee's Famous Recipe Chicken,

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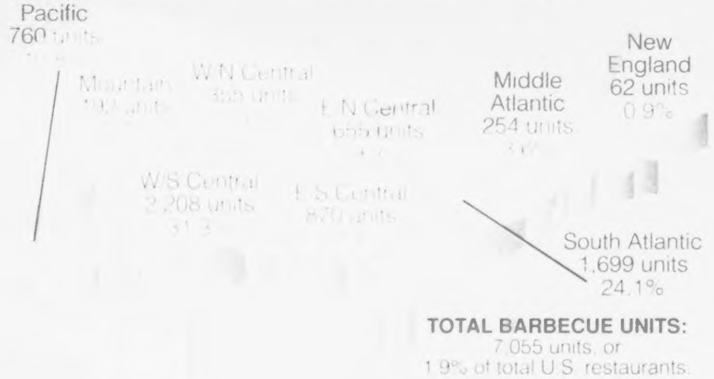
BBQ STICKS TO SOUTHERN RIBS

Distribution of Barbecue units by U.S. Census Regions


Pacific
760 units
Mountain
192 units
W/N Central
355 units
E/N Central
655 units
Middle Atlantic
254 units
New England
62 units
0.9%
W/S Central
2,208 units
31.3
E/S Central
870 units
South Atlantic
1,699 units
24.1%

TOTAL BARBECUE UNITS:
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COUNTRY BARBECUE

■ ■ ■

Despite some successful forays into the barbecue segment by many small regional chains, independent operators still dominate the category.

Grandy's, and Mrs. Winner's Chicken & Biscuits, are often considered to serve country cooking.

Nashville-based Lee's Famous Recipe Chicken, a 282-unit Shoney's Inc. subsidiary, has a menu that goes well beyond just chicken. It offers barbecued ribs, a chicken liver or gizzard dinner, and country-fried steak, plus side dishes such as mashed potatoes and gravy, country rice, chicken-fried potato wedges, and red beans and rice. Country cooking evidently agrees with its customers. Last year, Lee's realized its greatest annual gain in comparable store sales with an 8.7% increase.

Lewisville, TX-based Grandy's, an upscale fast-food chicken concept, is part of Anwar Soliman's American Restaurant Group. New advertising is reaffirming its position "in the heart of fast food," says vice president of marketing Bob Lee. Grandy's is menuing a country-fried steak sandwich and chicken breast filet sandwich that it hopes will also expand lunch trade.

Grandy's homestyle roots are sunk primarily into Texas and Oklahoma, where 80% of its 205 units are located. Outposts are Tampa and Ft. Myers, FL, and Fresno, CA. Projected 1989 sales are $185 million to $200 million, says Lee.

How far can Grandy's take country cooking? The limit so far is Asia. Last year, Grandy's opened the first of three franchises in Malaysia, and has inked a franchise deal for Australia.

Fried chicken and biscuits are still integral to Brentwood, TN-based Mrs. Winner's Chicken & Biscuits. But the 145-unit fast-food chain is broadening its menu with Southern-style foods

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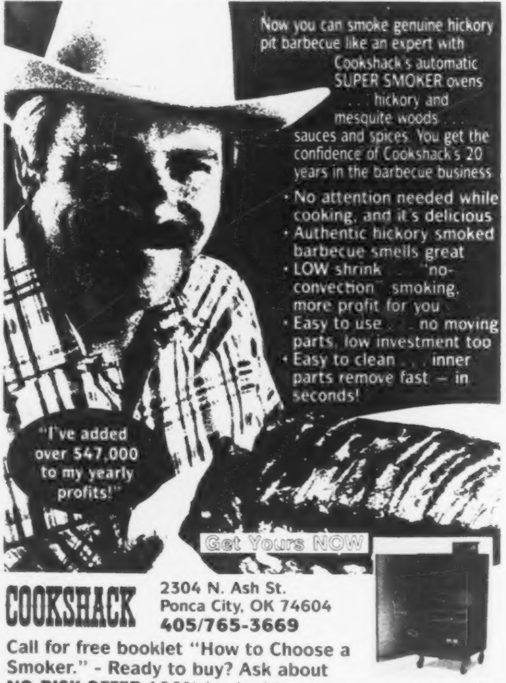

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COUNTRY BARBECUE

such as country-fried steak, chicken and dumplings, pot roast, and meat loaf (each priced at $2.99). Accompanying them are an array of vegetables and side dishes. The new items are part of a move away from direct competition with Kentucky Fried Chicken, says president and CEO Lonnie Stout.

Stout sees wide acceptance for such cooking. "It could travel well in most areas of the country," he says. Mrs. Winner's 145 stores, which are predominantly franchised, are concentrated in a 10-state belt from the Carolinas to Kansas City. There is a 50-unit cluster in Atlanta.

Another of the "dabblers" in country cooking is USACafes' Bonanza family restaurants. Firmly identified with steak when founded 25 years ago, Bonanza has broadened its menu with poultry, seafood, and salads. Today, country-fried steak is a popular core menu item for Bonanza franchisees, reports president and CEO Jeff Rogers. In fact, franchisees are calling for more homestyle foods, he says. "There's no question that as more meals are purchased away from home, demand grows for the type of meals people had at home," Rogers believes.

The excellent holding qualities of barbecued foods make this a prime category for delivery services.

UPSCALE DOWN HOME. Lastly there are a few restaurant operators who raise country cooking to a higher level. Indigenous Southern cooking is updated with taste and nutrition in mind at Carolina's and The Colony House in Charleston, SC, two upscale restaurants owned by M.W. Associates. Typical dishes are black-eyed pea cake with tomato chutney and shrimp with freshly made grits cake.

Kitchen philosophy has changed, but the ingredients remain the same. "Instead of cooking collard greens for hours with fatback, we'll make a chiffonade of collard greens and cook them quickly in a wok," says M.W.'s operations vice president Chris Weihs.

In the future, there is no question that barbecue and country cooking have good prospects to spread further. But widespread expansion on a chain basis will depend on the acumen of the players and how broad an appeal they can create. ⬛

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RESTAURANT BUSINESS TEST KITCHEN

MENU IDEAS

Ice Dreams

BY SCOTT ALLMENDINGER

There is no better time to serve ice cream than the summer months ahead, and no one enjoys ice cream as much as Americans do. The ways to indulge customers' ice cream cravings are seemingly endless, as operators across the country crank it out in new flavors and forms that appeal to calorie-conscious and extravagant diners alike.

According to *Restaurant Business* research, 68% of restaurants serve ice cream, while 22% offer soft serve, 6% serve frozen yogurt, and 15% serve ice cream novelties (such as ice pops, frozen chocolate candies, and ice cream bars).

The United States, in fact, is the largest consumer of ice cream and related products in the world at 46.3 pints per capita. Foodservice sales alone represent a $4.5 billion market.

The two hottest products in the segment stand at opposite ends of the health-consciousness spectrum. Superpremium ice creams, typically with a hefty 16% butterfat content, "represent the greatest area of growth in the dairy industry," says the National Ice Cream Retailers Association, a Columbus, OH-based trade organization. Meanwhile, sales of frozen yogurt have tripled, due mainly to yogurt's positive health image.

The Food and Drug Administration is currently considering adopting standards for "lite" ice cream, creating even more options—and confusion.

DECADENT DESSERTS. "People coming to eat barbecue aren't that cautious about calories," says Charlie Davis, owner of K.C. Masterpiece Barbecue and Grill in Kansas City, KS. "So we came up with the most decadent des-

PHOTOGRAPHY BY DON KUSHNICK. FOODSTYLING BY KATHLEEN KENNY SANDERSON

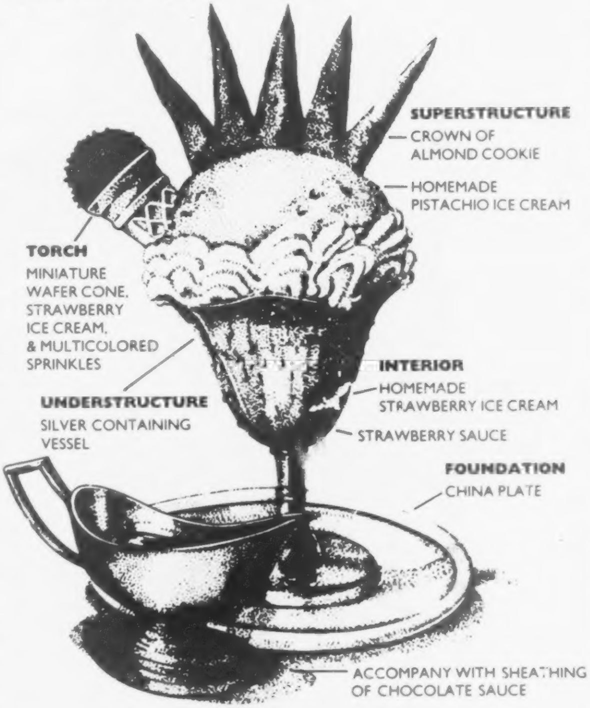
American Festival Cafe in New York City offers patrons this Statue of Liberty sundae that was originally created to celebrate the monument's centennial in 1986. For ingredients, see next page.

serts we could think of." Two ice cream pies alone account for 80% of K.C. Masterpiece's dessert sales. Davis' favorite creation is the chocolate peanut butter ice cream pie (pictured on page 237), a signature dessert so successful that it accounts for 60% of all dessert sales. The second most popular dessert on the K.C. Masterpiece menu is another ice cream pie flavored with coffee and toffee, which accounts for 20% of dessert sales.

Calories apparently are not on the minds of diners at the American Festival Café in New York City's Rockefeller Center. During the summer months, the American Festival converts an outdoor ice rink to *al fresco* seating with sundae menu table tents.

One of chef François Keller's best-selling sundaes is called the Statue of Liberty priced at $4.95 (pictured on page 233, diagram at right), created for the monument's centennial celebration three years ago. The Liberty sundae has proven so popular that "I can't get it off the menu," laughs Keller. The sundae menu at the American Festival has generated as much as $20,000 in revenue in a single week.

PROJECT
STATUE OF LIBERTY
SUNDAE $4.95


SUPERSTRUCTURE
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ACCOMPANY WITH SHEATHING OF CHOCOLATE SAUCE

Despite such indulgence occasions, however, health consciousness and improved flavor are teaming to make frozen yogurt, both soft and hardpack, the snacking star of the future. Whereas attempts to market frozen yogurt in the 1970s failed mainly because the product had the sour flavor of fresh yogurt, modern frozen yogurt has a mild flavor that makes it acceptable to mainstream tastes.

Tom and Debbie Bottorf, owners of What's Your Scoop in Wintersville, OH, added soft-serve yogurt a year ago and report that it now accounts for half of their sales. Karen Dufresene of Tazzii Ice Cream Italiano in San Antonio, says that sales of hardpack frozen yogurt have increased between 10% and 40% in their 5 stores.

"The whole industry is moving in the direction of low-fat, low-calorie products," says Terry Holden, marketing director of Oklahoma City-based Braum Ice Cream Stores. Braum's 205 stores recently introduced both a hardpack 5½% butterfat frozen yogurt and a 5½% butterfat ice milk called Premium Lite.

RICH AND INTRIGUING. Holden feels that a key to the success of both lines has been the use of flavors that sound rich and intriguing. "Especially with frozen yogurt, our customers are expecting to find flavors that are different," he says.

Premium Lite comes in such fattening-sounding flavors as English toffee and cherry-amaretto, while popular frozen yogurt varieties include banana-pecan and pineapple-almond. Holden points out that fruit-based flavors are especially appropriate for frozen yogurt.

One decision operators must make when selling frozen yogurt is whether to offer hardpack or soft serve. Braum's Holden feels that hardpack served from dipping cabinets is the best choice for their old-fashioned-style shops: "Customers just look at it as another kind of ice cream, so there's less intimidation. Also, we can feature a wider variety of flavors."

Braum's own plant can supply its shops with 32 custom flavors of frozen yogurt, an advantage not available to smaller operations.

One company that is having success serving both soft-serve and hardpack frozen yogurt is Papa Aldo's International, a Portland, OR-based pizza chain. So far, 15 of Papa Aldo's 85 existing stores have been retrofitted with a minimum of two, three-headed soft-serve machines, and all new franchisees will be required to be similarly equipped. These units also have freezers to store three-gallon tubs of hardpack.

In all, 45 flavors are available to franchisees, 22 of which will be featured each day. Popular flavors of hardpack include rocky road and pralines and cream; flavors of soft-serve "customized" in the machines include boysenberry, pumpkin, and after-dinner mint.

According to director of franchise development Dennis Steinman, units with frozen yogurt are increasing annual sales between $75,000 and $150,000. "It's totally supplemental revenue because frozen yogurt doesn't compete with anything else in the store," says Steinman.

Buyer profiles of pizza and frozen yogurt are different enough to enable Papa Aldo's units to expand their customer base. In addition, since sales of both products peak in opposite seasons, the move to frozen yogurt has helped to smooth out what Steinman calls "the roller coaster ride of seasonality."

BUILDING TAKE-HOME SALES. The frozen yogurt dessert program at Papa Aldo's includes baking of cookies and waffle cones on-premise. Four-inch chocolate chip, peanut butter, and whole wheat raisin cookies are used to make soft-serve frozen yogurt sandwiches, which are made ahead and stored in a display freezer.

Customers can also purchase quarts of frozen yogurt and frozen yogurt pies with chocolate cookie-crumb crusts to take home. To build these take-home sales, store managers offer free samples to customers who are waiting for pizzas to come out of the oven. One especially successful promotion offers a full meal—one three-topping "take-and-bake" pizza, two salads, and a quart of frozen yogurt—for $14.95.

A major factor in Papa Aldo's decision to offer frozen yogurt instead of ice cream is the health appeal of a yogurt product that contains between 16 and 30 calories per ounce, depending on the flavor.

Each unit must use one soft-serve machine exclusively for nonfat varieties, and toppings bars in the stores must carry three or four fresh fruit toppings. Other toppings include granola, yogurt-covered raisins, and bran, although candy toppings are popular as well.

But Stephen Beninati, cofounder of Staten Island, NY-based Everything Yogurt, says, "Sweetened or candied toppings are just not our direction."

Beninati has seen Everything Yogurt—the frozen yogurt chain he opened in 1976—grow to more than 200 stores in 28 states and $60 million in annual sales. Soft-serve yogurt is only one line of products on a menu dominated by such healthy-sounding items as vegetarian chili with brown rice, hummus sandwiches, sugarless muffins, and "healthy quiches." Frozen yogurt toppings range from carob chips to coconut, honey, pineapple, and wheat germ.

SIGNATURE SWEET DRINKS. In addition to sundaes, frozen yogurt is used as an accompaniment to a Farm Fresh Fruit Platter as a base for drinks such as yogurt shakes and a signature or-

[illegible]

Handling and storage influence the quality of your ice cream and soft-serve dishes. Here are a few points to remember:

● Storage temperatures should be -10°F. to -25° F. and should never rise above -10°F. Frozen products shrink at higher temperatures. Any melting and refreezing of the product will cause ice crystals to form and damage its texture.

● The optimum temperature for dipping cabinets is 3°F. to 7° F. This range will prevent shrinkage, but still allow for easy scooping.

● Consult your ice cream supplier for details on storage, since formulas of product vary.

● High sugar-content varieties tend to be softer; store in a separate, colder container if possible. If not, store near the bottom of the freezer, where it is likely to be colder.

● Proper cleaning of soft-serve machines is mandated by local authorities, usually on a daily basis. Each cleaning will require approximately 20 minutes of labor. One equipment company manufactures a machine that requires cleaning only once every 2 weeks.

● Soft serve refers only to a method of dispensing, and can cover a variety of products from frozen custard to nondairy. To insure consistency, look for a machine that monitors viscosity rather than temperature.

● During extended nonsale periods, soft-serve product can break down to a watery consistency due to overbeating. If a machine has not dispensed product for a while, simply draw off a small amount of product. This will cause fresh mix to enter the machine and become frozen, a more effective process than adjusting the temperature control.

● Overrun refers to the percentage of air incorporated into ice cream or soft serve. The ideal range for a gravity-fed soft-serve machine is 30% to 60%. Lower overrun will produce heavier portions and stronger, richer flavors, and will be more expensive. High overrun will produce lower-calorie, lighter-texture product with a greater yield. Too little overrun will produce soft serve that does not stand up well on a cone; too much overrun will give your customers a poor perception of value.

● Flavors can be customized by combining two mixes in desired proportions. Adding solid items such as cookie chunks or fruit, however, is not recommended. The pieces might clog an air or mix intake.

TOP 10 ICE CREAM FLAVORS

1.	Vanilla	31.0%
2.	Chocolate	8.8
3.	Neapolitan	6.2
4.	Vanilla Fudge	4.2
5.	Cookies n Cream	3.9
6.	Butter Pecan	3.8
7.	Chocolate Chip	3.6
8.	Strawberry	3.5
9.	Rocky Road	1.3
10.	Cherry	1.3

SOURCE: [illegible]

ange juice cocktail. Drinks represent a megaopportunity so great that Everything Yogurt has spawned a sister concept called Bananas Frosty Fruit Shakes.

In a prototype 600-sq.-ft. unit due to open this year in Woodbridge, NJ, both stores will be located under the same roof, says [illegible].

Industry heavyweights are rolling out signature frozen drinks to boost competition. [illegible] or The Country's Best Yogurt (TCBY) is positioning its "Shiver" against the "Blizzard" offered by International Dairy Queen of Minneapolis. Both are shakes blended with candy.

Ice cream drinks are a specialty at Baby Routh Cafe in Dallas. During the summer, Baby Routh adds additional ice cream drinks to the ever-changing menu.

One drink, called the Rocky Routh, is so popular that it stays on the menu from year to year. Made with three types of liqueur, vanilla ice cream, chocolate syrup, and chopped nuts, the Rocky Routh is equally popular as a drink and dessert. We recreated the Rocky Routh in the *Restaurant Business* Test Kitchen (see picture and recipe, page 239), adding a scoop of coffee-flavored ice cream for a special garnish. Another frozen drink from Baby Routh's menu features raspberry sherbet with raspberry liqueur and champagne.

REVIVING THE CLASSICS. Baby Routh is one of many restaurants, from classic to trendy, that are reviving the classic ice cream dishes. Baby Routh offers a banana split with the works, as does Yanks in Los Angeles. The Yanks version features bananas that have been roasted in their skins.

The Ivy in Los Angeles serves a sundae for two on an oval platter with scoops of ice cream, pitchers of butterscotch and hot fudge sauces, and bowls of whipped cream and slivered almonds. At the Rainbow Room in New York City, 1940s elegance is recreated with a menu that includes a classic baked Alaska. $

Additional recipes are available for free. For your convenience, we invite you to use the "Letter to the Editor" postcard in the back of the issue. Please label requests "Ice Cream."

A • MENU • SAMPLER

The following is a list of restaurants around the country and various frozen desserts on their menus.

CHILI'S INC.
Dallas, TX

CHILI'S HOT FUDGE SUNDAE......$2.75
Vanilla ice cream served in a cinnamon-coated flour tortilla, topped with hot fudge and chopped walnuts

BROWNIE SUNDAE....................$2.50
Brownie served with vanilla ice cream, hot fudge, and walnuts

BIG JIM'S DAIRY BAR
Redford Township, MI

ICE CREAM SPAGHETTI AND MEATBALLS...............$1.95 and $2.45
Vanilla ice cream processed in strands (spaghetti), with strawberry (tomato) sauce, chocolate candies (meatballs), and shredded coconut (grated cheese)

F. SCOTT'S
Washington, DC

TORTONI...................................$4.00
Italian ice cream with pistachios and crushed macaroons

CUTTER'S
Seattle, WA

BRANDY ICE.............................$3.50

RIO BRAVA
Atlanta, GA

DEEP FRIED ICE CREAM.............$2.25
Ice cream rolled in ground cereal and raisins, served with honey and whipped cream

BRAVO FONO CAFE AND GRILL
Palo Alto, CA

GRANITA..................................$1.95
Coffee- or lemon-flavored Italian-style ice

CASSATA.................................$4.95
Cream with candied fruit, layered with raspberry sorbetto, coffee gelato, and vanilla gelato.

LEMON OR ORANGE SORBETTO.$3.75
A large scoop served in a fresh lemon or orange

AMERICAN FESTIVAL CAFE
New York, NY

MISSISSIPPI MUD PIE..................$5.25
Served with vanilla ice cream

HOMEMADE ICE CREAMS...........$4.75
Triple Chocolate, vanilla, or cappuccino

FRUIT ICES................................$4.75
Strawberry, mandarin, or passion fruit

EVERYTHING YOGURT
Staten Island, NY

FARM FRESH FRUIT PLATTER....$5.95
Frozen yogurt surrounded by fresh strawberries, bananas, raisins, pineapple chunks, and blueberries in season

ORANGE JUICE COCKTAIL .... $3.19 (regular); $2.59 (small)
Orange juice, frozen yogurt, milk, and honey

MARIO'S
Dallas, TX

TUTTI CARAMELLATI................$6.00
Caramel cream profiterole with caramel ice cream

COPPA DI TEBALDI....................$6.00
Vanilla ice cream served with chestnuts and fresh strawberries

DAKOTA'S
DALLAS, TX

WHITE CHOCOLATE ICE CREAM .$4.95
Served with chocolate brownies and butterscotch sauce

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Restaurant Business

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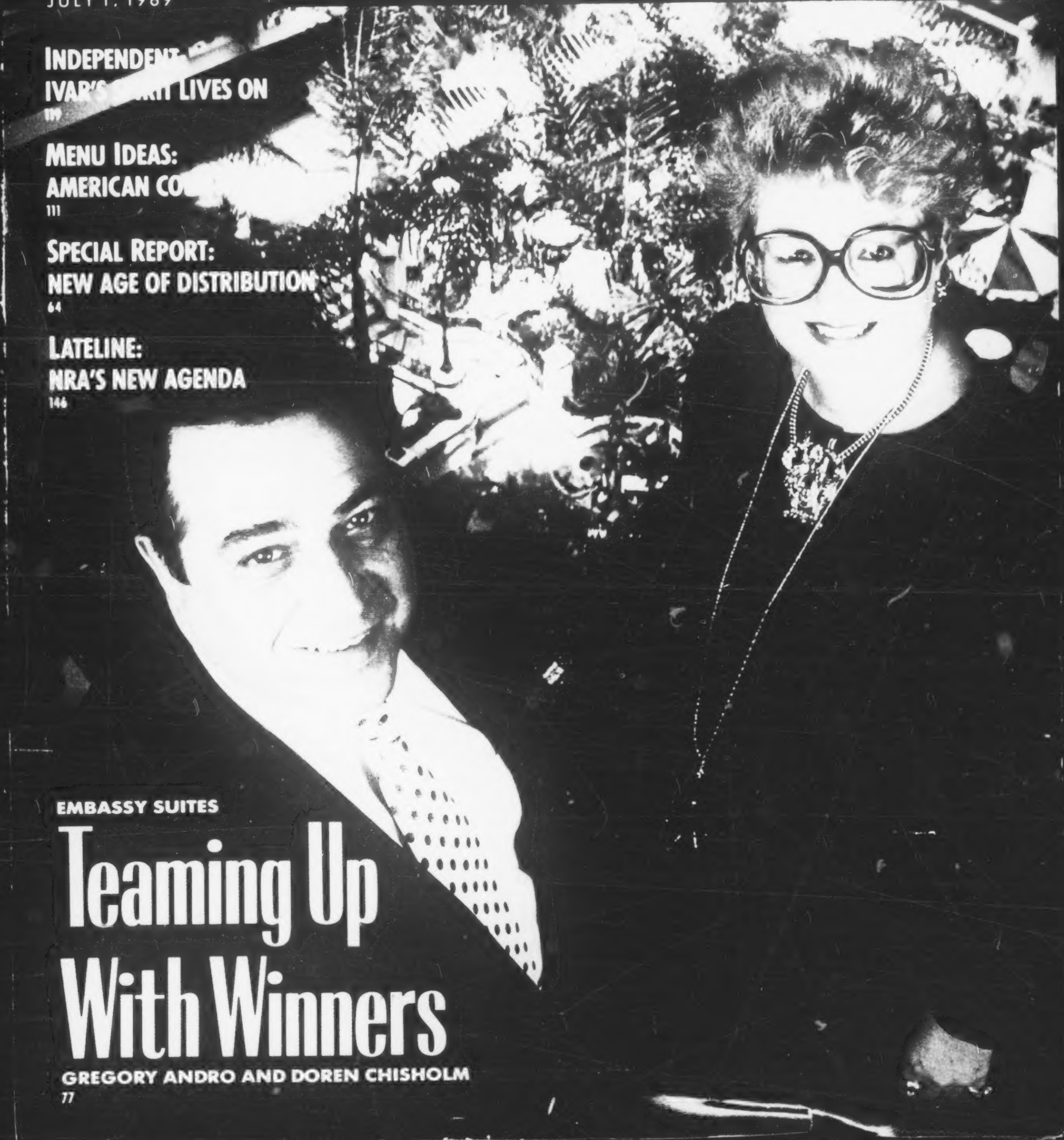

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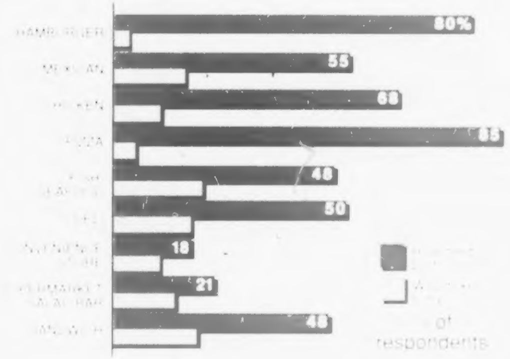
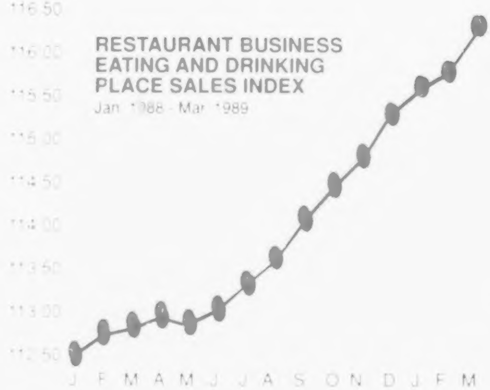
BUSINESS BAROMETER

THE HARD FACTS SHAPING OUR INDUSTRY





Burgers, Pizza Favored

In a special mail-out survey of 1,400 adults nationwide, Technomic Inc. found that hamburger and pizza appear to be individuals' most popular choices when they visit fast-food places. More than 80% of respondents chose these items over a three-month period. Convenience stores attained the lowest response rate—just 18%-for the same period. Fish seafood, sandwich, and deli places received the highest response ratings (25%, 20%, and 18%, respectively) when respondents were asked about the items they would like to try.

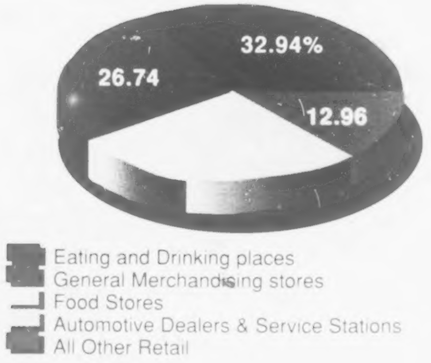
SOURCE: Technomic Inc.

Real Sales Up

The *Restaurant Business* Eating and Drinking Place Index shows real sales trends adjusted for seasonality and inflation through a 12-month average.

Figures from the U.S. Dept. of Commerce moved the March 1989 Index to 116.26, meaning that in real terms, sales are 16.26% higher for the 12 months ending in March 1989 than the average sales for the period from 1989 through 1984. This is up from the Februrary 1989 index of 115.70%. Eating and drinking place sales are up 2.9% in real terms over the past 12 months.

SOURCE: U.S. Dept. of Commerce Technomic Inc.



Top Retail Employer

Preliminary reports from the U.S. Dept. of Labor show that nonseasonally adjusted employment at eating and drinking places rose to 6.338 million in March 1989. This represents the lion's share (32.94%) of all retail trade employment—nearly unchanged from the 33.00% in March 1988. Employment from eating and drinking places represents 7.7% of all service-producing employment, while all retail trade industries represents 23.4%. Last March, eating and drinking places were 5.9% of all nonagricultural employment.

SOURCE: U.S Dept. of Labor, Bureau of Labor Statistics, Technomic Inc.

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COVER STORY

HOTEL FOOD & BEVERAGE **EMBASSY SUITES.** *This Dallas-based chain of 90 all-suite hotels brings local restaurateurs in to operate their own restaurants in its properties. Doren Chisholm, corporate director of food and beverage for Embassy Suites, says that the strategy is successful for the hotels, which are freed from concern with food and beverage service, and also for the entrepreneurs who have opened in Embassy Suites* 77

FOOD AND BEVERAGE

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CARAFES **WORLDWIDE WINES FOR VALUE.** *Looking for reasonably priced quality wines, but turned off by rising prices? Consider good buys from lesser-known wine-producing countries such as Argentina, Chile, and Australia, as well as wine bargains from French regions such as Provence, Alsace, and the Rhone* 125

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Cover photograph by Herman Kokojan/Black Star

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The Seventh **SYMPOSIUM ON AMERICAN CUISINE**, *co-sponsored by* Restaurant Business, *will take place in Santa Fe, NM, Sept. 10-13, 1989.*

For more information, contact: Symposium on American Cuisine, 304 W. Liberty St., Suite 301, Louisville, KY 40202.

REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct all reprint inquiries to: Editor Peter Berlinski, Restaurant Business *Magazine, 633 Third Avenue, New York, NY 10017.*

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IN THE NEXT ISSUE

COVER STORY

EMERGING GROWTH CHAINS

This special annual report analyzes the Top 50 Growth Chains—medium-sized chains that have sustained annual growth exceeding 10% despite tough market conditions. Comparative data and concise descriptions of each of the 50 chains are included; in addition, we take an in-depth look at Pizzeria Uno, a growth chain that has maintained particularly solid profits. Boston-based Pizzeria Uno has attracted an impressive roster of well-known franchisees, including Art Gunther, one-time president of Pizza Hut, Jeff Campbell, former chairman of the Pillsbury restaurant group, and Lou Neeb, former head of Burger King.

MARKET SEGMENT REPORT

CHICKEN

The chicken segment is buffeted by challenges, including competition and consumer health concerns. Though segment leader Kentucky Fried Chicken is expanding steadily—if conservatively—the smaller chains are in flux. The merger of Church's with Popeyes is one interesting development, and the smaller regional chains are struggling for market presence.

MENU IDEAS

TAKE-OUT

Food-to-go continues to represent unparalleled opportunity for additional revenues. But operators must be careful that a carry-out business does not interfere with the core business, and they must utilize systems, recipes, and packaging programs that will enhance the appeal and profitability of their take-out options.

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THE NEW AGE OF DISTRIBUTION

DISTRIBUTORS OFFER A VARIETY OF 'VALUE-ADDED' SERVICES TO OPERATORS.

The distribution business is changing, and for the most part, it's changing in favor of the operator, who is now being marketed to as never before.

"*Value-added* must be a new buzzword," says one East Coast restaurateur, in reference to distributor services above and beyond delivery. The term is in fact relatively new, an '80s concept—and the last half of the '80s at that. But it is an increasingly important one, revolutionizing the way in which operators are doing business with their distributors.

Indeed, the value-added approach appears to be a concept whose time has come: "Distributors almost have to be able to provide these services," says an executive from a major Midwest restaurant franchise operation. "Food costs are escalating, and what we can charge our customers is not necessarily keeping pace. We have to make sure we can get the yield we need.

"I feel the value-added services we receive help us to do that," he adds.

Just what are some of these services that could play so important a role in a foodservice operator's business?

BETTER JOB. Most simply, value-added services are any perceived (by both distributor and operator) as extra—not part of the distributor's daily job of taking orders and filling them accurately and on time. And, most important, they are services that help an operator do a better job at his own end.

What's in it for distributors? By providing such services—most at no additional cost—they are seeking to differentiate themselves from their competition, giving operators more incentive to do business with them.

In the last five years, these extras have evolved from specialist help and merchandising aids on different menu or product categories, to seminars accredited toward professional certification, to sophisticated order entry and inventory control options, and more.

The list could go on endlessly: nutritional analysis; quality control testing; waitstaff training; salad bar merchandising; idea shows geared to specific segments; lock-ins on order fill; help with insurance purchasing.

Even the attentiveness and expertise of a distributor's sales reps and drivers can be considered value-added—it all depends on what a restaurant operator feels adds value to his order.

And just what does add value is also reflective of the type of operation that is being supplied—a fast-food chain, for example, has very different expectations than a full-service restaurant organization. And, for that matter, a local independent does not have the same kinds of service needs as a regional or national operator.

PRODUCT EDUCATION. For a full-service operator, product education is a major component of value-added services. Doug McKinnon, vice president of Universal Restaurants Inc. in Grand Rapids, MI, the largest franchise holder of Mr. Steak, defines value-added services as "anything that helps me in my knowledge of the business or products, beyond order and delivery."

Universal operates 10 midscale, family-oriented restaurants in its Midwestern division and another 10 in its Eastern division, which together generate $25 million in annual sales. With primary distribution programs in both markets—one with Gordon Food Service Inc. in Grand Rapids, MI, and the other with J.F. Feeser Inc. in Harrisburg, PA—this major operator utilizes a variety of distributor services.

Responsible for the Midwestern division, McKinnon notes that his program distributor provides a great deal of help with product knowledge. "Gordon goes into new products in great depth," he notes.

Toward this end, the distributor has taken McKinnon's managers right to manufacturing plants, he says.

Furthermore, Gordon has its own staff of product specialists. "When we have food committee meetings to look at new products or determine seasonal items, these specialists show us new and exciting ways to present products and new items for different parts of the menu. They do a good job of keeping us aware of trends."

It should be noted that, while brokers also provide such services, McKinnon feels that distributors do a better job. "The broker view is biased toward the individual manufacturers they represent," he explains. "Distributors can present a much broader view and are more concerned with the customer angle—that is, they are more concerned that we get the right item."

Product education in general is a ser-

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BY STEPHANIE SALKIN

DISTRIBUTION

PRODUCT EDUCATION IS ONE SERVICE ANY OPERATOR CAN USE.

vice so important that even limited-menu chains—despite a no-frills approach to the distributor relationship—may utilize it.

A good example is Al Highfield, vice president, sales and marketing, Jeffrey Enterprises of Kentucky Inc., a Louisville-based purchasing organization representing 2,000 Kentucky Fried Chicken franchises nationwide. Highfield acknowledges the usefulness of educational help even for a major organization like his, which makes $60 million worth of purchases a year.

"Education—there is never enough of that," he comments.

New concepts have been born, says Highfield, because distributors have meeting rooms with fully equipped test kitchens where franchisees can meet. "Some of the best ideas come out of the field, not out of the franchisor's R&D," he notes. "That's where the distributor comes into play. Working together in his kitchen, through the combined efforts of the store owner, distributor, and manufacturer, we have been able to come up with new menu ideas and better ways of doing things."

He cites as an example a new, highly successful technique for filtering shortening that is now in place in the units he represents.

Well aware of their usefulness, many distributors are increasing the number of education services they offer to operators. Nutrition expertise is one of the newer forms of value-added education distributors have been offering—an increasingly important type of knowledge for operators dealing with a more health- and calorie-conscious public.

"Our distributor, Sandler Foods, has dietitians on staff, and I find this very helpful," comments Tom Evaldi, executive chef, Gus Mariner Restaurant, a $2.5-million-a-year white-tablecloth restaurant in the Ramada Oceanside Tower, Virginia Beach, VA. "With this service, Sandler keeps me abreast of new heart-healthy products such as an oil made from canola beans." This new product is so exciting, says Evaldi, that the upscale Ramada franchisee may publicize it in a customer newsletter.

SALES REP AS CONSULTANT. Education is probably most important to independent operators who do not have the benefit of national or regional R&D programs of their own. And it is among such operators that the perception of value-added services is most likely to apply to the operator's primary distributor contact, his sales rep.

"I'm not looking for a salesman to whom I'm just a customer," comments J.K. Lea, owner, J.K.'s Pub, Columbia, MD. "I'm looking for someone who knows what products are appropriate for my operation and who knows how to price my menu, someone who will also tell me what *not* to buy." A distributor is "only as good as the people in-house," Lea adds.

Currently, this $900,000-a-year operator is poised to go on a primary distributor program with Kraft/Feldman, Savage, MD, through which he will gain still other value-added services, most particularly, help with inventory control and ordering. "As a small operation, we're dependent on our kitchen manager," he explains. "The order goes to hell if he's not there."

Once J.K.'s goes on the program, the full-service, moderate-price lunch and

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A DECADE OF GROWTH
THE CORPORATE 'SUPER' DISTRIBUTORS
Sales to Foodservice Operators, in billions

Company	1988(E)	1978	%Change	% of Total Industry	
				1988 ($93 B)	1978 ($44 B)
Sysco Corp. Houston, TX	$ 5.3*	$0.74	600.2%	5.7%	1.7%
Kraft Inc. Foodservice Group Deerfield, IL	2.8	0.10	2,700.0	3.0	0.2
PYA/Monarch Inc. Greenville, SC	2.3**	0.47	300.8	2.5	1.1
CFS Continental Inc. Rolling Meadows, IL	1.8***	0.72	100.5	1.9	1.6
Rycoff-Sexton Inc. Los Angeles, CA	1.3	0.59****	100.2	1.4	1.4
TOTAL/AVERAGE	$13.5	$2.62	415.3	6.0	14.5

* Includes five mos. sales of CFS Continental ($900 million), acquired in August, 1988.

** In 1989, CFS Continental was split into two entities: the $1 billion northern division, which operates under separate ownership; and the remaining distributorship, which is regional in scope.

*** Includes volume for first seven months of year only; remaining $900 million is counted as part of Sysco's.

**** Represents combined sales of Rycoff an Sexton, which were separate companies in 1978.

dinner house will have its pars on computer. Thus, any employee will be able to key in orders automatically, because the distributor will have the account's regular usage on record.

Universal, too, recently went on an automated order-entry program, with Gordon in the Midwest. At the same time, the regional operator can access current pricing from the distributor's computer at any time. "This service has proved very helpful with menu planning," McKinnon notes.

COMPUTER SERVICES. For that matter, Universal can access nutritional product breakdowns by computer.

Such automatic order entry and accompanying inventory control and product information programs are among the more recent additions to the roster of value-added services offered by distributors.

Some of these programs allow operators to order in their own codes or in storeroom sequence, or flag order-entry errors and oversights, or track rebates. Some have voice prompts, and one in the Boston area—provided by a local specialty house—even allows operators to order verbally, "recognizing" their voices.

In a number of cases, large-volume operators are receiving their own personal computers with which they can call up all kinds of information from the distributor's computer, including current pricing, up-to-the-minute stock status, and recipes. These operators also can use the PC as an electronic mailbox by which to contact their distributor rep.

In other cases, operators are supplied with automatic order-entry devices identical to those carried by distributor reps. And, in still others, operators can call distributor in-house reps who will themselves input the order automatically.

Automated services are of particular interest to limited-menu and other multi-unit operators, for whom distri-

1988 TOP 10 BROADLINE DISTRIBUTORS

SYSCO CORP.
HOUSTON, TX

$5.3 billion foodservice sales

79 distribution centers nationwide, including 14 branches of two systems distribution companies. Acquired CFS Continental in August 1988.

KRAFT INC.
FOODSERVICE GROUP
DEERFIELD, IL

$2.8 billion foodservice sales

45 broadline distribution centers nationwide. Has grown dramatically through acquisition in the last several years. Parent company was recently acquired by Philip Morris Company Inc., which also owns General Foods USA and Oscar Mayer. A restructuring has joined the Kraft Foodservice Group with the Kraft Food Ingredients Group to form a new Kraft U.S. Commercial Group.

PYA/MONARCH INC.
GREENVILLE, SC

$2.3 billion foodservice sales

31 distribution centers, including five Morco limited-menu specialists acquired last year. Later this year, the northern division—which accounts for about $1 billion in foodservice sales—will be purchased from parent Sara Lee Corp. by a group of the distributor's executives. Following this buyout, PYA/Monarch will once again be a southeastern regional distributor.

CFS CONTINENTAL INC.
ROLLING MEADOWS, IL

$1.8 billion foodservice sales (first 7 months, 1988)

$900 million for last 5 months of 1988 is counted as part of Sysco's, following merger with the No. 1 broadline, generalist distributor. CFS was nationwide with 30 branches.

RYKOFF-SEXTON INC.
LOS ANGELES, CA

$1.3 billion foodservice sales

33 distribution centers nationwide. Particularly strong in nonfoods, offers contract design capability in more than 10 cities.

WHITE SWAN INC.
FORT WORTH, TX

$650 million foodservice sales

Southwest regional network with eight branches, one of which lies outside its regional network—in Hurricane, WV. (This latter branch was part of a recent acquisition.) White Swan had been a subsidiary of The Fleming Companies, the giant wholesale grocer, but has been purchased by distributor management in a leveraged buyout.

FOOD SERVICES OF AMERICA
KENT, WA

$611 million U.S. foodservice sales

Pacific Northwest regional with 24 U.S. locations, including two in Alaska. All but these and the Kent facility—the original Miller Cascade Foods—evolved from Pacific Gamble Robinson Co., the produce-oriented regional acquired by Miller Cascade several years ago. FSA has been actively consolidating and modernizing these operations, at the same time broadening its lines. Member of ComSource controlled label group.

GORDON FOOD SERVICE
GRAND RAPIDS, MI

$560 million foodservice sales

Two distribution centers, both in Michigan. Rapidly expanding regional is entering major cities throughout the midwest, including Chicago, with the help of state-of-the-art warehousing.

BIGGERS BROTHERS INC.
CHARLOTTE, NC

$357 million foodservice sales

Two distribution centers covering a mid-south territory. Now a subsidiary of a new holding company, Unifax, formed by Biggers and two other major broadline distributors, Bevac Food Service, Pittston, PA, and Roanoke Restaurant Service Inc., Salem, VA. All three belong to ComSource controlled label group.

SHAMROCK FOODS CO.
PHOENIX, AZ

$350 million foodservice sales

Southwest/Rocky Mountain regional with one distribution center in Phoenix, the other in Denver. Strong independent business as well as multi-unit. To enhance the latter, Shamrock has joined a new national account marketing group, Distributor Marketing Alliance. Member of F.A.B. controlled label group.

SOURCE: [illegible] Distributor Magazine bution costs are a major consideration. Through such services, these operators can get velocity (usage) reports by vendor or product, regular market briefings on commodity items, and purchase histories to facilitate ordering.

In addition, these computer reports help headquarters management determine whether units are sticking to the program.

"Our distributor provides us with velocity reports, so I can see what our units are buying," notes Ray Ganem, supervisor of restaurant and hospitality programs, Truck Stops of America, Cleveland. "This enables me to see that they are buying the products I'm speccing, and it also shows me when I should be going to the manufacturer for better pricing."

Ganem also notes that his distributor network—three branches of PYA/Monarch Inc.—tracks rebates for him, fronting them as dollars off invoice. "This program alone is worth better than $100,000 a year to me in work that I don't have to handle myself."

Truck Stops of America, a national full-service chain of 37 coffee-shop restaurants open around the clock, rings up an average check of $3.75. Its product list numbers several hundred items.

Still other facets of the distributor customer relationship fall into the value-added category.

DISTRIBUTORS CAN HELP OPERATORS STAY ABREAST OF TRENDS.

SHOWS AND SEMINARS. Distributor shows, for example, while usually selling events contributing to the distributor's business, are seen by many operators as opportunities for face-to-face contact with suppliers and as arenas for product education.

"We're on a cost-plus program, so we don't go to these events to take advantage of special show pricing," comments Universal's McKinnon. "What we go for is the product knowledge and to keep our finger on the pulse of the industry."

McKinnon notes that the National Restaurant Show held annually in Chicago, by comparison, is "overwhelming." It's easier to talk with suppliers at a distributor show, he says. In addition, manufacturers are apt to have more items on view at a distributor show—all the "popular" ones in that market—he adds. Then again, many distributors hold professionally accredited seminars in conjunction with their food shows, at which chefs and other foodservice operators can earn course credits toward professional certification.

Evaldi of Gus' Mariner Restaurant, for example, points to a Culinary Salon held by Sandler Foods in conjunction with its recent food show. This salon was ACF-approved, so exhibitors could earn points toward accreditation from the American Culinary Federation.

"An exhibition like this is unusual outside a major city," comments Evaldi, who is also treasurer of the local ACF chapter. "A lot of people in this area have never seen a real culinary salon. It helps build awareness of what can be done."

In addition, more and more distributors are starting to hold specialized shows geared toward particular segments, such as catering.

OTHER APPROACHES. There are also some more unusual value-added services. Lea of J.K.'s Pub, for example, was able to utilize a personnel placement service offered by Smelkinson/Sysco, Jessup, MD. "It worked out famously," Lea notes. "Smelkinson's staff executive in charge of the service qualified these people right down the line. She knew our operation, and she knew that the people would fit."

Other services are product-related. McKinnon of Universal feels that produce processing offered by Gordon is a service plus. Lea feels the same about distributors who employ field service specialists for dispenser equipment.

For limited-menu operations, however, "value-added" often means less rather than more. This is because any services provided must be consistent with tight distribution cost control.

Low-overhead custom distribution is the key to services sought by these operators. "Value-added is in specialization," notes Highfield of Jeffrey Enterprises.

In addition to getting a better bottom line, by going with distributors that tailor their lines to KFC needs, Jeffrey Enterprises is guaranteed higher stock levels than possible with broadline distributors stocking many more items, Highfield points out.

MENU: VALUE-ADDED SERVICES

- Product Specialists and Merchandisers
  e.g., center-of-plate, tabletop
- Market Specialists
  e.g., chain accounts, deli/bakery
- On-Staff Dietitians (nutritional analysis of menu)
- On-Staff Chefs (menu ideas)
- Full Test Kitchens
- Professionally Accredited Seminars
- Operator Newsletters
- Segmentized 'Idea' Shows
- Automated Order Entry
- On-line Access to Current Pricing and Product Information
- Monitoring of Manufacturer Rebates
- Quality Control Testing
- Personnel Registry
- Waitstaff Training
- Group Insurance Plans for Small Operators

NOTE: This is a broad range of services. Check with your distributor to see which, if any, he may offer or be planning to offer. Minimum order sizes are required to qualify for at least some of these services.

MARKET
SEGMENT
REPORT

STEAK

Most of the steak chains have broadened their menus so much that the segment has become blurred.

By Jacque Kochak

REPORTS OF THE DEMISE OF the steak segment have been much exaggerated. Apparently, customers still enjoy eating beef. What is also apparent is that the American consumer's growing sophistication and continuing quest for quality have profoundly affected the segment.

The budget steak-house chains that flourished a decade ago have been most affected by the changes. For all intents and purposes, industry observers say, that category is dead.

"There's no place anymore for the budget steak house in its traditional form—a dark, old place serving small portions and 'cow' meat," says Sizzler Restaurants International president Tom Gregory. "I think that if we hadn't gone through an evolutionary process, Sizzler would be out of business."

Midprice steak houses have fared best by holding to a steady course. Upscale steak houses are thriving by delivering the value of top-quality steak.

"We're sure not seeing a drop in interest in steak," maintains Mary Jo Newburg, director of sales and marketing for Morton's, a chain of 10 upscale steak houses with headquarters in Chicago. "People may not be consuming as much red meat at home, but they do come to places like Morton's for a good steak and an evening out."

COMPETITIVE CLIMATE. Competition in the steak segment is intense. "We're fighting for market share," says Steve Fortlouis, director of marketing for Raleigh, NC-based Golden Corral steak houses, with some 500 units.

"The competition is such that it's not likely that another steak chain could develop," says Julia Stewart, vice presi-

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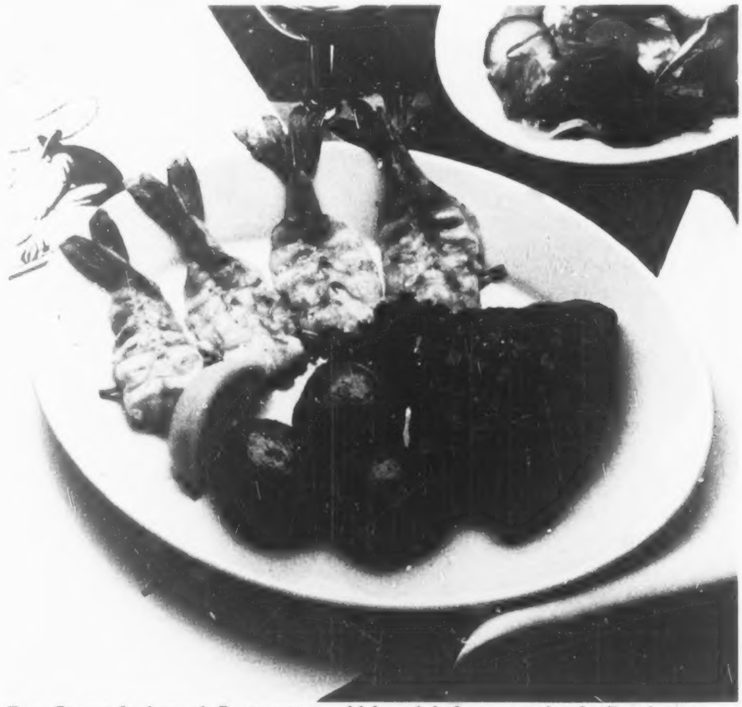

Even Stuart Anderson's Restaurants, which mainly focuses on beef, offers items such as this shrimp-and-steak combination dinner.

MARKET
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REPORT

STEAK

Despite some image problems, beef is still consumed far more frequently than either chicken or seafood.

dent of marketing for Los Altos, CA-based Stuart Anderson's Restaurants.

Good service has also become increasingly important in the steak segment. "Five years ago, customers expected to get served fast and get okay food," says Jeff Rogers, president of USACafes, parent of Bonanza. "Now the customer is much more discerning."

CONSUMPTION QUESTION. Despite some image problems, beef is still consumed far more frequently than either chicken or seafood. On an edible weight basis, Americans eat almost 70 lb. of beef a year, compared to 43.4 lb. of chicken and 15 lb. of fish, according to the United States Department of Agriculture (USDA).

Nevertheless, beef consumption has declined about 20% since 1978, the heyday of inexpensive and plentiful red meat. According to the Beef Industry Council, Americans consumed 74.8 lb. of beef in 1985, 74.1 lb. in 1986, and 69.2 lb. in 1987. "How much beef consumers eat is related to the amount available, and in recent years there has been less beef available," says Mary Adolph, director of foodservice for the Beef Industry Council.

Some chains, which began by specializing in low-priced steaks, have repositioned so drastically that they no longer consider themselves to be part of the steak segment. Yet an analysis wouldn't be complete without a discussion of their changes.

Most notable is Los Angeles-based Sizzler Restaurants International, owned by Collins Foods. Steak sales at Sizzler have been dropping for the last 10 years, says Gregory. A decade ago, 90% of Sizzler's sales were derived from steak; today, only 25% of sales come from steak. Sizzler's menu now emphasizes seafood, chicken, and an extensive salad bar, in addition to steaks. Over the years, the company has also added soup, pasta, and taco bars.

The goal of this repositioning was to increase sales and profits by appealing to the "heavy user" restaurant patron as well as taking advantage of changes in lifestyles and eating preferences.

The 625-unit chain's policy of evolutionary menu expansion has made Sizzler more of a casual family dining experience, and that formula is working well. In the five-year period 1983 to 1988, average unit sales volume rose more than 60%.

According to Gregory, Sizzler is still seeing steady sales increases. Systemwide sales for the calendar year of 1988 reached $950 million, and expansion is continuing at a rapid rate. Some 60 to 80 units, about a third company-owned, will open over the next couple of years.

Another of the budget steak-house chains that shed its identity is Dallas-based Bonanza, franchised by USACafes. Bonanza has also moved to offer more chicken and seafood as well as an extensive salad bar. Red meat continues to decline as a percentage of sales.

Some 620 units are now open—only two are company-owned—with 60 opened in 1988 and another 90 under development in 1989. That total includes the conversion of 35 to 45 York Restaurants in the North and Northeast, which were purchased by franchisees from General Mills Restaurant Group. In addition, Bonanza just opened its first unit in London.

"Sales have been fairly strong," says USACafes' Jeff Rogers. Systemwide sales in 1988 reached $570 million for 612 units.

Currently, a lot of remodeling is going on, with units being dramatically upgraded and the chain's extensive food bar being positioned as the star of the dining room. Dining rooms have opened up with more glass, and are now accentuated with brass and lighting.

Bonanza's menu also continues to evolve. The newest additions, called Lighter Fare, are scattered throughout the salad bar. Lighter Fare selections are billed as more nutritious and natural, and come from a selection of about 60 recipes, says senior vice president of marketing Will Clayborn.

"We feel we are positioned for the '90s," says Clayborn. "The response has been good." Lighter Fare has been rolled out in a third of the chain's units.

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Stuart Anderson's operates 84 restaurants under the names Cattle Company and Black Angus, all located on the West Coast.

MARKET SEGMENT REPORT

STEAK

Bonanza has been putting more emphasis on training in recent months. Waiters are taught suggestive selling, and the focus is on developing better employee relationships. "We're more sensitive to the needs of our employees, and they, in turn, are more sensitive to customers," says Rogers. Part of this program is an intensive three-day training period. "There is a decrease in turnover and an increase in sales and customer counts," says Rogers.

The other large chain that began as a budget steak-house chain is Dayton, OH-based Ponderosa, with 401 company-owned units and 323 franchised units. Ponderosa has stayed more clearly in the lower-priced steak-house category, but it is also upgrading quality and image.

Sizzler's policy of evolutionary menu expansion has enabled the 625-unit chain to offer more of a casual family dining experience, and that formula is working well.

Recently, Ponderosa decided to replace tenderized utility-grade meat with more expensive USDA Choice beef. Depending on location, entrees are priced slightly higher. The change is supported by TV and newspaper advertising as well as point-of-purchase signage. The company also rolled out its Grand Buffet last year. The Grand Buffet includes an array of rotating appetizers, such as meatballs, chicken wings, clam strips, and popcorn shrimp, as well as hot pastas and sauces, soups, chili, and fruits.

Until recently, Ponderosa's future has been cloudy because of a succession of owners. The company was purchased last year by Secaucus, NJ-based Metromedia Co., a privately held holding- and investment company, from New York investor Asher Edelman. Edelman owned the company for only a year, but in that time cleaned out executive ranks, including president and chief executive officer Tom Russo and chairman Gerald Office. Frank Holdraker, a Pizza Hut alumnus, took Russo's place as president. Now, Ponderosa has announced that Holdraker has resigned, and at press time Metromedia was searching for a new president.

Last year, San Diego conglomerate Intermark Inc. paid $95 million to buy Western Sizzlin', the nation's third-largest steak-house chain. Intermark has two strong restaurant executives in Frank L. Carney, Western Sizzlin's new chairman, and Michael Stack, its president. Carney founded Pizza Hut, and Stack is a Pizza Hut alumnus.

Stack could not be reached for comment, but the chain clearly now has a very strong management team to help it grow in a time of change. The company has 585 units, and recently announced plans to double in size in the next five years. About 25% of the new units will be owned by the company; now, none are company-owned.

In the past, Stack has said that Western Sizzlin's appeal will be broadened with the addition of new poultry and fish dishes. This is intended to cut beef's menu share from 75% to 60%.

Franchisees are being asked to make extensive renovations, and the company is spending $250,000 to develop a new advertising strategy. Western Sizzlin' will expand in the Northeast and West from its Southeastern base.

Raleigh, NC-based Golden Corral steak houses are a major factor in the Southeast, where the majority of the company's 500 units are located. All but two are company-owned.

"In the last five years we've gone through a lot of expansion, and now we're looking at where we are," says Steve Fortlouis, director of marketing. Systemwide sales in 1988 reached $450 million, and sales trends are holding steady with flat customer counts.

Golden Corral still emphasizes beef, and Fortlouis says that USDA Choice beef is cut fresh on the premises every day. Some 50% of sales still derive from red meat, with a food bar contributing around 40%.

FOOD BARS. Dramatically changing many lower-priced steak houses is the giant food bar, which offers hot and cold entrees as well as an array of salads, fruits, and even desserts. The company that pioneered giant food bars is Greer, SC-based Ryan's Family Steak Houses, with 103 company-owned stores and 28 franchised stores.

The company faced some tumult about a year ago when same-store sales plunged 7.5% in June from their levels a year earlier, following drops in previous years. That summer, young president T. Mark McCall resigned. At that time, analysts attributed Ryan's stumbling performance to bad customer re-

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STEAK

action to menu price increases, increased competition as other steakhouse chains emulated Ryan's, and "core customer fatigue."

Nevertheless, Ryan's still posts average unit volumes in excess of $2 million, a stunning feat considering that the average check is only about $5.

President Charles Way says that the declining sales trend has been reversed, with sales up 1% for the second quarter of 1989. Way points out that sales increases in the last couple of years before the downturn were so dramatic that Ryan's was bound to see some reversal. Sales grew 100% in 1986 and 50% in 1987. He says that the reversal was at its worst during the third and fourth quarters of 1988, when sales were down 9% and 8%, respectively.

Upscale steak houses are thriving by delivering the value of top-quality steak with all the trimmings.

The trademark Megabar is kept up to date with additions suggested by a task force made up of managers from eight stores in geographically diverse areas. "Regional variations in taste are very important," says Way.

"If you don't do a good volume, a food bar like this is very expensive," says Way. Changes in the kitchen are necessary to produce a large food bar. In addition, payroll and food costs soar. Ryan's now derives half of its sales from the Megabar, although management still considers Ryan's a steak house. "We're almost like two concepts in one," Way admits.

Ryan's founder, Alvin McCall, was also a cofounder of the Quincy's steakhouse chain, now owned by TW Services. TW Services also owns Canteen Co., Denny's, and El Pollo Loco, and is the largest Hardee's franchisee.

Competitors speak highly of Quincy's, and according to TW Services' 1988 annual report, the division achieved a record performance with substantial increases in average unit revenues as well as in customer traffic. Revenues totaled $250.9 million, 13.3% above the $221.5 million reported in 1987, and profit before taxes improved 18.7% to $17.3 million. Average unit revenues increased 14.4% in 1988 to $1.2 million, and average store traffic increased 11% over the previous year.

For the last couple of years, Quincy's has been going through a transformation in response to market changes. Like so many other steak houses, Quincy's has added an enormous buffet, containing as many as 80 items at any time, called the Country Sideboard.

When the first Quincy's opened in 1973, the menu included a few steak entrees and related items such as baked potatoes, vegetables, desserts, and beverages. Beginning in 1986, unit development slowed in order to adapt existing restaurants to the new Country Sideboard, which required major changes in facilities, operations, and training. Dining rooms had to be expanded to replace seating lost by installing the buffet. By the end of 1988, 30 units had been expanded. While the Country Sideboard was being rolled out, 211-unit Quincy's stopped adding units. Expansion has been renewed, with 10 restaurants scheduled to open in the Southeast in 1989.

Profitability of buffets has been problematic for some chains, but in 1988 Quincy's made considerable progress in working toward a reasonable balance of pricing and food and labor costs. Quincy's has also developed items for its regular menu, including grilled chicken, fried catfish, and baked whitefish. The chain is now testing a breakfast program, as well as the sale of a variety of fresh-baked products.

Founder Ruth Fertel operates 26 Ruth's Chris Steak Houses.

STEAK STRENGTH. Some midprice chains have been strengthening their positions as steak houses. One company that has been pursuing this strategy is Dallas-based Steak & Ale, once a leader in the steak-house segment. The company operates 160 units in 25 states, with sales estimated at $200 million.

Steak & Ale experienced difficulties during a long, convoluted struggle for ownership of parent Pillsbury. A British company, Grand Metropolitan PLC, purchased Pillsbury. Steak & Ale executives are now involved in a management buyout.

As a result, vice president of marketing Nick Castaldo and other executives are keeping mum until the management buyout is completed. Castaldo has been quoted as saying that Steak & Ale's strategy was to return to a position as a classic steak house that could be relied on to serve a consistently good steak.

Another chain that is keeping to a traditional course is Los Altos, CA-based Stuart Anderson's Restaurants, which is celebrating its 25th anniversary this year. According to vice president of marketing Julia Stewart, the company has served 215 million customers since opening in 1964. Stuart Anderson's operates 84 restaurants un-

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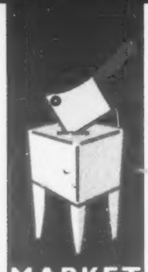

MARKET SEGMENT REPORT

STEAK

The budget steak chains that flourished a decade ago have been most affected by the changes.

der the names Cattle Company and Black Angus, all on the West Coast.

Company research also shows that Stuart Anderson's dominates over 50% of the market in the casual steak-house segment on the West Coast. "That means we're taking share, and it is clearly coming from independents and other steak chains," Stewart says.

After some experimentation a few years ago, Stuart Anderson's has now settled comfortably and squarely back into the steak-house segment, with a focus on getting "back to basics." In the 1960s, the first restaurants offered a complete steak dinner with salad and garlic bread for $2.95. Steak dinners are still the restaurant's stock-in-trade; but today the price of a top sirloin dinner is $7.50.

Over the years, the menu has been expanded to include fresh grilled fish, marinated chicken, combinations such as lobster and prime rib or steak and prawns, and desserts such as homemade apple dessert and triple chocolate cake. Stuart Anderson's has also added seasonal items such as chili in the winter and strawberry shortcake in the summer. Steak is the most popular item on the menu, however. Last year, the company sold six million pounds of beef, compared to one and a half million pounds of chicken, says Stewart.

Stuart Anderson's has gone through a number of ownership changes in recent years; now a privately owned company, it does not divulge sales figures. In 1986, Stuart Anderson's owner, Saga Corp., was acquired by Marriott Corp. Soon after, Marriott divested its restaurant holdings, and in February of 1987 the company was purchased by American Restaurant Group (ARG) Inc. of Newport Beach, CA. In addition to Stuart Anderson's, ARG operates Spoon's Grill and Bar, Grandy's, Spectrum Foods, and The Velvet Turtle.

The company will be refurbishing restaurants this year, keeping a Western theme and trademark oversize booths, but attempting a lighter, contemporary flavor. The company will also be expanding on the West Coast.

Another company squarely in the steak business is Memphis-based The Butcher Shop. At the five-unit chain, customers can charcoal-grill their own steaks over brick grill pits fired with hardwood charcoal. The charcoal pit is the center of the restaurant, and sizzling steaks are entertainment. Customers who don't want to cook steaks can enlist the chef's aid for an extra $2. In fact, two-thirds of customers opt for that, says owner Dennis Day.

Units are located in Dallas, Little Rock, AR, Knoxville, TN, Memphis, and Chicago, and another unit is under construction in Orlando, FL. The first unit opened in Memphis in 1981, and owner Day intends to continue expanding at a slow rate.

The Butcher Shop menu is very limited, and the kitchen does little more than bake potatoes and wash dishes. The Orlando restaurant will serve prime rib, and if that turns out to be a successful addition, prime rib will be added at other units. All steak offerings are displayed in the restaurant's in-house butcher shop, where actual cutting takes place. A hearty cut of steak with a baked potato, salad, and bread is offered for a fixed price, which is $17.95 in the Chicago unit. The Dallas restaurant is the small chain's highest-grossing unit, with $3.5 million in annual sales.

UPSCALE. For the classic top-of-the-line steak houses, business has never been better. These steak houses typically offer a clubby atmosphere and prime aged beef in hefty portions.

Some of these steak houses are institutions. Establishments like Peter Luger's in Brooklyn, The Palm in New York City (now expanding across the country), and Gene and Georgetti's in Chicago have defined their own very small niche. Most of these restaurants

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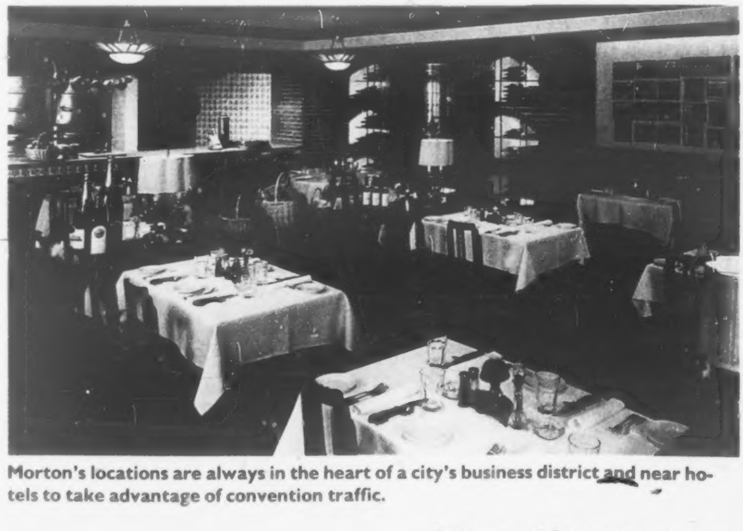

Morton's locations are always in the heart of a city's business district and near hotels to take advantage of convention traffic.

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more beef per pound.

STEAK

have exclusive agreements with meat suppliers for the very best cuts. These restaurants also age meat for two or three months for more flavor.

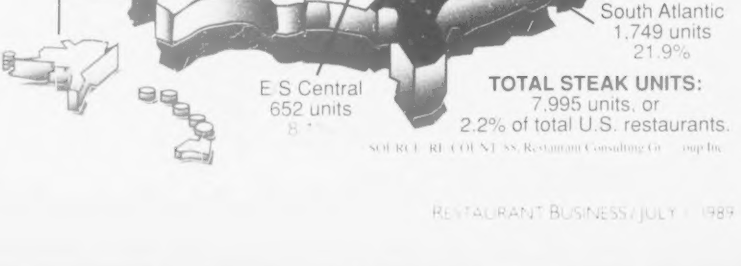
An example is the growing Morton's steak-house chain. The original Morton's opened in 1978 in Chicago's Rush Street area, at a time when interest in red meat was supposedly already declining. Later units opened in Washington, DC, Philadelphia, Boston, Atlanta, Denver, Dallas, New Orleans, and Rosemont and Westchester, IL.

In 1987 founder Arnie Morton, who also owns Chicago's landmark Arnie's, sold Morton's to a group of investors but stayed on as a creative consultant. The presidency went to Klaus Fritsch, who had worked with Morton for years.

Because Morton's is aimed at businessmen, locations are always in the

MORE SIZZLE IN SOUTH

Distribution of Steak units by U.S. Census Regions


Pacific
998 units
12.5%
Mountain
532 units
6.7%
W N Central
707 units
8.8%
E N Central
1,205 units
15.1%
Middle Atlantic
828 units
10.4%
New England
274 units
3.4%
W S Central
1,050 units
13.1%
E S Central
652 units
8.[illegible]
South Atlantic
1,749 units
21.9%

TOTAL STEAK UNITS:
7,995 units, or
2.2% of total U.S. restaurants.

SOURCE: RE-COUNT 88, Restaurant Consulting Group Inc.

MARKET SEGMENT REPORT

STEAK

heart of a city's business district. Most units are located in office buildings.

Although Morton's has added such diversions as grilled swordfish, shrimp chef Alexander, and fresh fish to the menu, the main attraction is hand-cut, prime, grain-fed beef. Cuts range from a popular 20-oz. New York strip to a gigantic 3-lb. Porterhouse. Most of the beef entrees are in the $20 to $25 range, but the 3-lb. Porterhouse commands an equally hefty $47.90. The average check, says Newburg, is about $35 with liquor.

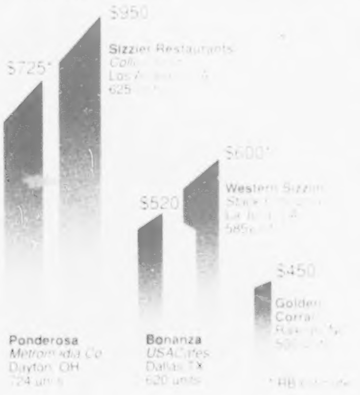
Morton's is distinguished by its style of service. Various cuts of meats and other main course selections, as well as the fresh vegetables used in salads and side dishes, are displayed on a serving cart that is rolled up to each table.

Another fine steak house on an expansion track is New Orleans-based Ruth's Chris Steak Houses. The restaurant company now has 26 units, strung from Washington, DC, and Florida on the East Coast to Beverly Hills and Honolulu on the West. Four are located in the company's home state of Louisiana.

The first Ruth's Chris opened in 1965, when founder Ruth Fertel bought a restaurant called Chris Steak House. To distinguish the new operation, she rechristened the establishment Ruth's Chris Steak House, and the unusual name has become an asset. "Once you finally learn the name, you never forget

THE TOP FIVE STEAK CHAINS

1988 Sales in millions



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more beef per pound.

MARKET SEGMENT REPORT

STEAK

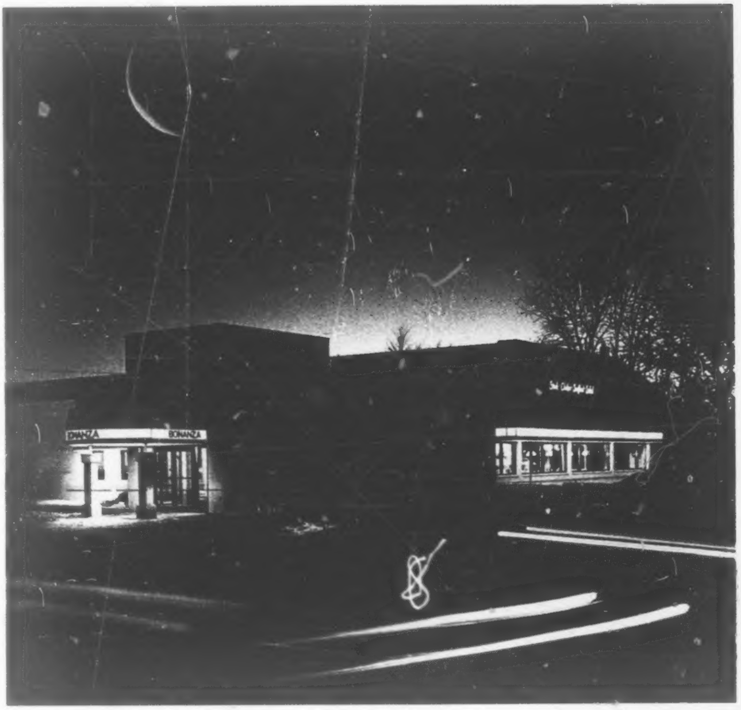
it," says Fertel. "One of our ads says 'Steak as extraordinary as our name'."

By 1975, Fertel had opened three more company units and started franchising. Now, 10 restaurants are company-owned and 17 are franchised. Fertel was a recent recipient of the *Restaurant Business* Leadership Award.

"We don't feel that customers are eating less beef," she says. "Our business is up all over the country." In addition to beef, Ruth's Chris offers veal, lamb chops, and fish, but 85% of sales are from prime, corn-fed, aged-on-premise beef. Entrees range in price from $15 to $22, with the average check between $32 and $35.

SOMETHING NEW. Even a restaurant staple as all-American as steak can take on a foreign flavor with ease, as demonstrated at Houston's South American-style steak house and grill, Churrasco's. The restaurant specializes in *churrasco*, a charcoal-grilled, center-cut beef tenderloin basted with a traditional *chimichurri* sauce, which is made of olive oil, garlic, parsley, and spices.

Grilled steak is a popular entree in South America, and South American-style steak houses are beginning to crop up all over, from Miami to Los Angeles.



Bonanza is remodeling its units; dining rooms have been opened up with more glass, and have been accentuated with brass and lighting.

According to Churrasco's co-owner Michael Cordua, a Nicaraguan native, the restaurant's intent is to give customers the experience of dining in a fine, South American home. Adds Churrasco's co-owner Enrique Salvo, "We start with a soup and an appetizer, progress to the main course, then relax with a cup of very strong espresso."

Good service has become increasingly important in the steak segment.

Churrasco's offers a selection of appetizers, including empanadas made with dough from sweet, ripened plantains and filled with cheese or black beans. Also available are small white corn tortillas filled with a Latin American cream cheese, and made-on-the-premises *chorizo* sausage. *Ceviche*, a marinated seafood salad, is made with fresh shrimp, fish, and conch marinated in fresh herbs, lime, and coconut juice. Soups include *chupe de camarones*, with seafood stock and an assortment of lightly sautéed fresh vegetables. Black bean soup with smoked ham is also very popular.

Entrees include *medallones*, medallions of beef served with a creamy brandy sauce. Tenderloin of pork is served with tropical fruits and *achiote*, a South American spice, and accompanied by a Caribbean *salsa criolla*, composed of tomatoes, green peppers, onions, garlic, and chile peppers. Fresh fish is on the menu every day. Entrees are accompanied by several Latin American favorites, including *gallo pinto*, a rice-and-bean dish prepared Nicaraguan-style; green plantains; sweet-ripened plantains; and twice-baked potatoes. The menu is completed with a wine list of South American wines and a variety of Latin desserts.

Overall, it seems that there is still potential in the steak segment. Customers are still eating red meat, and they love steak. While consumption of red meat is declining, customers have clearly expressed their willingness to enjoy a fine steak when dining out.

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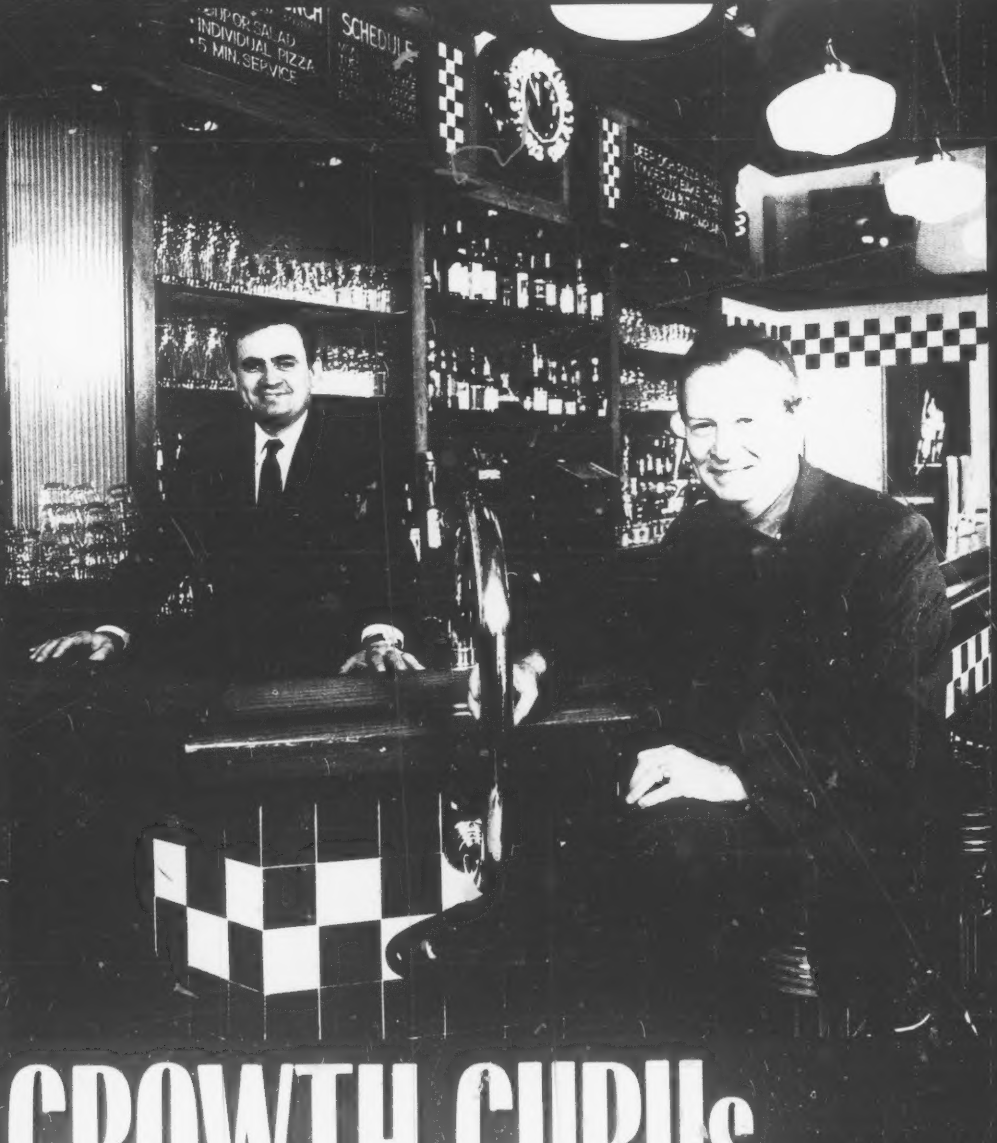
SOUP OR SALAD
INDIVIDUAL PIZZA
5 MIN. SERVICE
SCHEDULE

GROWTH GURUs

PIZZERIA UNO'S CRAIG MILLER AND AARON SPENCER
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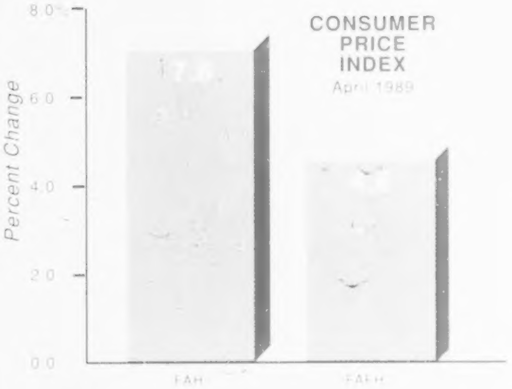
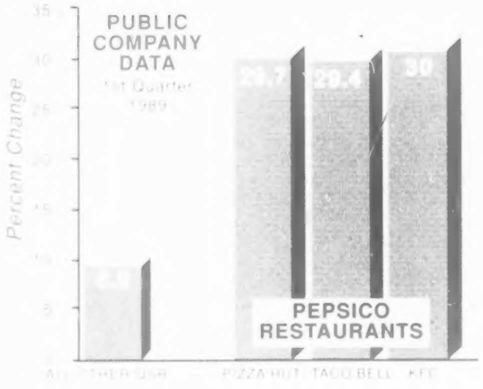
THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER





Food At Home Pricier

The Department of Commerce's Consumer Price Index shows that the price of Food At Home (FAH) rose 7.6% last April over the year-ago period. This compares with just a 4.6% rise in prices for Food Away From Home (FAFH).

The rapidly increasing food prices can be partially attributed to the residual effects of last year's drought and prevailing dry conditions in many key agricultural regions. For example, FAH increases were led by a stunning 9.5% rise in fruits and vegetables and an 8.6% rise in cereals and bakery products.

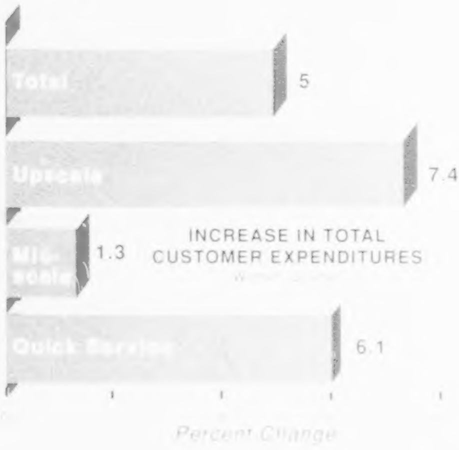
SOURCE: U.S. Department of Commerce

PepsiCo Shines

Among the public restaurant companies tracked by Technomic Inc., PepsiCo's restaurant chains stand out.

The company's three chains—Pizza Hut, Taco Bell, and Kentucky Fried Chicken—notched a combined increase of $230 million in revenues for the first quarter of 1989, the largest gain of any restaurant company. At the same time, revenues for each of the chains increased from 25% to 30% over the year-ago period, well above the public quick-service average of less than 9%.

SOURCE: Company Quarterly Reports and Technomic Inc.



Midscale: A Cold Winter

According to figures released from the CREST service of NPD Research, total customer expenditure increases for the winter quarter were up 5.0% over the year-ago quarter. This increase was constrained by the midscale segment, in which expenditures increased only 1.3%.

According to Technomic, the relatively sluggish performance of the midscale segment can be attributed, to a great extent, to continued decreases in customer traffic and a decreased ability to pass along price increases to customers.

SOURCE: [illegible] NPD Research

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INDUSTRY EVENT

The Seventh **SYMPOSIUM ON AMERICAN CUISINE,** *co-sponsored by* Restaurant Business, *will take place in Santa Fe, NM, Sept. 10-13, 1989.*

Contact: Symposium on American Cuisine, 304 W. Liberty St., Suite 301, Louisville, KY 40202.

REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1988 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Ave., New York, NY 10017.*

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IN THE NEXT ISSUE

COVER STORY

KITCHEN DESIGN

Today's kitchens must address a different set of needs than facilities of the past. Productivity, flexibility, and cost-effectiveness are all more important than ever. In addition, storage needs must adapt to a growing need for more frequent deliveries and a growing panoply of shelf-stable products. In addition to all that, display kitchens are still very much in the picture; kitchen designers must consider both function and form. This article is augmented by case studies of Kentucky Fried Chicken's newest prototype, and the display kitchen featured at four-star-rated Lafayette in New York City.

MARKET SEGMENT REPORT

CASUAL-THEME RESTAURANTS

The casual-theme segment is buffeted by change. Many chains that developed in the 1970s are undergoing revamps in the wake of the aging baby-boom population and the trend towards moderation in drinking. Meanwhile, newer casual chains are carving out solid territory, and the overall outlook for the segment is favorable in today's price-conscious marketplace.

MENU IDEAS

BAKED GOODS

The focus of this month's "Menu Ideas" will be on how to develop and merchandise signature baked goods in a variety of operations. Scott Allmendinger will present ideas for hand-held items such as muffins and stuffed breads for snacking and quick-service occasions; innovative breads for sandwiches; and distinctive breads for bread service.

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TOP 50

GROWTH GURUS CRAIG MILLER [illegible] PRESIDENT AND [illegible]

In a time when a number of major restaurant chains have had to grow cautiously and watch the bottom line, there are those smaller and medium-size companies that have found their expansion niches. Once again, with the help of Chicago-based consulting firm Technomic Inc., *Restaurant Business* features an exclusive report on the 50 fastest-growing second-tier chains. These lower-profile star performers are ranked in terms of both sales and unit growth. *RB*'s Top 50 listings also include these chains' various concept and growth strategies.

Continued on next page.

TOP 50 GROWTH CHAINS

RANKED BY PERCENTAGE INCREASE IN SALES AND UNITS

Sales Rank	Chain	U.S. System Sales (000) 1988	U.S. System Sales (000) 1987	% Sales Change 1987-88	Avg. Unit Volume (000) 1988	U.S. System Units 1988	U.S. System Units 1987	% Unit Change 1987-88	Unit Rank
1	RALLY'S	$48,000*	$25,000*	92.0%	$600	112	46	143.5%	1
2	OLIVE GARDEN	244,000	137,000	78.1	2,500	125	70	78.6	3
3	TCBY	210,000	121,200	73.3	224	1,175	822	42.9	5
4	EL POLLO LOCO	120,900	75,000	61.2	1,100	149	83	79.5	2
5	OLD COUNTRY BUFFET	71,751	47,772	50.2	1,957	53	36	47.2	4
6	MRS. FIELDS	160,000*	110,000*	45.5	345	550	400	37.5	7
7	T.J. CINNAMONS	50,000	35,000	42.9	225	223	201	10.9	28
8	RUBY TUESDAY	128,000	94,500	35.4	1,800	80	63	27.0	12
9	PIZZERIA UNO	72,600*	54,300*	33.7	1,425	52	45	15.6	21
10	CRACKER BARREL	147,823	110,621	33.6	2,360	67	56	19.6	20
11	SBARRO	154,400	116,000	33.1	485	288	212	35.8	8
12	VIE DE FRANCE	32,500	24,600	32.1	600	56	54	3.7	47
13	CHILI'S	297,960	226,110	31.8	2,064	159	126	26.2	15
14	LE PEEP	32,000*	24,400*	31.1	540	67	48	39.6	6
15	WHATABURGER	272,000	210,000*	29.5	645	422	345	22.3	16
16	GOOD EARTH RESTAURANTS	66,000*	52,000*	26.9	2,000	33	26	26.9	13
17	RYAN'S FAMILY STEAK HOUSES	234,000	185,000	26.5	2,184	122	95	28.4	11
18	OLD SPAGHETTI WAREHOUSE	25,400	20,700	22.7	2,100	12	11	9.1	34
19	PIETRO'S	44,000*	36,000*	22.2	575	79	65	21.5	17
20	HOUSTON'S RESTAURANTS	69,557	57,019	22.0	4,067	18	16	12.5	26
21	BAKERS SQUARE	189,354	155,788	21.5	1,250	150	138	8.7	35
22	VALENTINO'S	34,000	28,000	21.4	950	40	30	33.3	10
23	ARK RESTAURANTS	37,853	31,394	20.6	2,000	19	15	26.7	14
24	L&N SEAFOOD GRILL	36,000	30,300	18.8	2,000	18	16	12.5	27
25	RED ROBIN	100,325	85,358*	17.5	2,134	47	45	4.4	46
26	BENIHANA OF TOKYO	84,000	71,600	17.3	1,750	47	44	6.8	39
27	SANDWICH CHEF	35,000	30,000*	16.7	210	175	200	(12.5)	50
28	TOGO'S	55,000	47,300	16.3	470	121	110	10.0	31
29	BLACK-EYED PEA	72,000*	62,000	16.1	1,350	55	48	14.6	23
30	SIRLOIN STOCKADE	52,305	45,149	15.8	770	67	64	4.7	45
31	OLGA'S KITCHEN	41,700	36,000*	15.8	900	51	38	34.2	9
32	JERRY'S SUBS & PIZZA	38,000	33,000	15.2	575	68	63	7.9	37
33	BLIMPIE	107,400	93,600	14.7	325	350	292	19.9	19
34	PICCADILLY CAFETERIAS	251,883	219,609	14.7	1,999	126	118	6.8	40
35	BOB EVANS FARMS	285,526	249,191	14.6	1,400	221	194	13.9	24
36	CHICK-FIL-A	232,189	202,724	14.5	622	386	363	6.3	41
37	GROUND ROUND	260,975	228,600	14.2	1,245	212	192	10.4	29
38	RALPH & KACOO'S	26,738	23,447	14.0	4,684	6	5	20.0	18
39	ORIG. GREAT AM. COOKIE	49,000	43,000	14.0	215	247	215	14.9	22
40	HUDDLE HOUSE	50,000	44,000	13.6	360	147	130	13.1	25
41	QUINCY'S FAMILY STEAK HOUSES	250,900	221,500	13.3	1,170	211	215	(1.9)	49
42	OLD SPAGHETTI FACTORY	36,900	32,600	13.2	1,600	23	21	9.5	33
43	LEVY RESTAURANTS	62,000*	55,000*	12.7	1,938**	32	29	10.3	30
44	PAPA GINO'S	132,000	117,500	12.3	650	207	192	7.8	38
45	RESTAURANTS UNLIMITED	56,000	50,000	12.0	2,900	19	18	5.6	43
46	HAPPY JOE'S PIZZA	28,283	25,304	11.8	362	78	78	0.0	48
47	TACO JOHN'S	116,000	104,000	11.5	273	448	424	5.7	42
48	MARIE CALLENDER'S	245,000*	220,000*	11.4	2,000	148	135	9.6	32
49	CAROUSEL SNACK BARS	52,000*	46,800*	11.1	170	330	313	5.4	44
50	LUBY'S CAFETERIAS	264,000	239,000	10.5	2,360	117	108	8.3	36

*Technomic estimate
**RB estimate

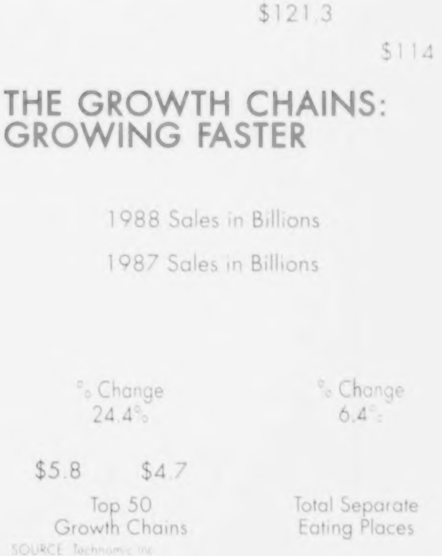
TOP 50 GROWTH CHAINS

RANK BY SALES

NLY

COMPANIES WITH AT LEAST A 10% GROWTH RATE IN DOLLAR SALES FROM 1987 TO 1988 AND CALENDAR YEAR '88 U.S. SYSTEMWIDE SALES BETWEEN $25M AND $300M WERE INCLUDED.

THE GROWTH CHAINS: GROWING FASTER



SOURCE: Technomic Inc.

1

RALLY'S

Louisville, KY

1988 U.S. Systemwide Sales	**$48,000,000(E)**
1988 U.S. Systemwide Units	**112**

Privately owned Rally's is the largest and fastest-growing drive-thru-only burger chain. It opened its 100th unit last December in Louisville and looks ahead to nearly 150 stores by the close of fiscal 1989 (June 30), and nearly 200 by December. The company has now reached more than 20 states. Leading the company's growth are experienced franchisees such as James Patterson, founder of Long John Silver's. Capital investment for franchisees is less than one half of what is needed by the major chains.

2

OLIVE GARDEN

(General Mills Restaurant Group)
Orlando, FL

1988 U.S. Systemwide Sales	**$244,000,000**
1988 U.S. Systemwide Units	**125**

General Mills continues to stoke the Olive Garden growth machine. In three years, the Italian-style dinner-house chain has gone from 14 to 92 units; that number is expected to reach 145 by the end of fiscal 1989. Last year, the chain entered such markets as San Antonio, Knoxville, Chicago, and Kansas City. Now in 22 states, Olive Garden will continue to fill in existing markets as well as move into new areas. The company is also refining the menu, adding items such as beef ravioli and frittatas.

3

TCBY

Little Rock, AR

1988 U.S. Systemwide Sales	**$210,000,000**
1988 U.S. Systemwide Units	**1,175**

New products and new franchisees are the headlines for TCBY, which continues on a roll, projecting more than 1,300 units in all 50 states and $300 million in 1989 systemwide sales. This year, it rolled out a nonfat frozen yogurt and the Shiver, a frozen yogurt product available with mix-in candy pieces, fruits, nuts, and toppings. A joint promotion this summer touts TCBY nonfat yogurt and diet soda in a float targeted to waistline watchers. Growth has been spurred in the Northeast and upper Midwest.

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UALIFYING COMPANIES WITH DISTINCT CHAINS WERE BROKEN OUT AT THE CHAIN LEVEL. EXAMPLE: OLIVE GARDEN IS BROKEN OUT FROM GENERAL MILLS.

STAYING POWER

Only 21 companies have stayed in the Top 50 list since last year

	This year's rank	Last year's rank
Bakers Square	21	26
Blimpie	33	38
Bob Evans Restaurants	35	44
Carousel Snack Bars	49	40
Chick-fil-A	36	47
Chili's	13	13
Cracker Barrel	10	21
Houston's Restaurants	20	23
Jerry's Subs & Pizza	32	27
Le Peep	14	2
Levy Organization	43	31
Marie Callender's	48	41
Mrs. Field's Cookies	6	8
Old Country Buffet	5	5
Olive Garden	2	1
Papa Gino's	44	20
Red Robin	25	7
Restaurants Unlimited	45	4
Taco John's	47	49
TCBY	3	6
Togo's	28	33

SOURCE: Technomic Inc.

4

EL POLLO LOCO

(Denny's Inc.)
La Mirada, CA

1988 U.S. Systemwide Sales	**$120,900,000**
1988 U.S. Systemwide Units	**149**

EPL will continue to expand its char-broiled chicken concept this year at a solid pace. After nearly doubling its size in 1988, the company expects to open at least 55 more units this year. A side salad ($1.19) was recently rolled out chainwide, and stores are averaging about 40 salad sales per day. A frozen pineapple-flavored dessert whip has also been added. The chain has decided not to pursue its salsa bar. No new marketing pushes are planned, although a new television ad is expected this month.

OLD COUNTRY BUFFET

(Buffets Inc.) **Eden Prairie, MN**

1988 U.S. Systemwide Sales	**$71,751,000**
1988 U.S. Systemwide Units	**53**

In 1988, Old Country Buffet increased its standing as the country's largest and most successful buffet chain. It finished the year with 52 company-owned and six franchised restaurants in 12 states, adding 17 company stores, including its first efforts in Michigan, Indiana, and Ohio. In 1989, the company expects to add 20 new units, making its first forays into Tennessee and the Carolinas. The first quarter of 1989 was its most profitable ever, marked by a 90% increase in net earnings.

6

MRS. FIELDS

Park City, UT

1988 U.S. Systemwide Sales	**$160,000,000(E)**
1988 U.S. Systemwide Units	**550**

Mrs. Fields' integration of La Petite Boulangerie is complete, and muffins are being tested in Mrs. Fields units. In addition, some units have been constructed that hold both concepts. The future is unclear as far as synergy goes, however. Mrs. Fields has also added quality ice cream products in some stores. Competition in the segment has made it harder for Mrs. Fields to keep up strong unit volumes of $345,000.

TOP 50 GROWTH CHAINS

RANK BY SALES

7

T.J. CINNAMONS

Kansas City, MO

1988 U.S. Systemwide Sales	$50,000,000
1988 U.S. Systemwide Units	223

This chain primarily uses owner/operators to run stores, limiting growth of individual franchisees to 10 units, but encouraging strong market presence and local flavor. Over 90% of sales are in the morning, but the cinnamon-roll chain is testing snack items to broaden appeal and increase average unit volume, which is $225,000. Muffins have already been added, and cookies where possible.

8

RUBY TUESDAY

(Morrison Inc.)
Mobile, AL

1988 U.S. Systemwide Sales	**$128,000,000**
1988 U.S. Systemwide Units	**80**

Due to a lack of good mall locations, Ruby Tuesday is planning to open more freestanding units in the next few years—with a freestander slated for Atlanta by year end. Overall, executives expect to open between 20 and 25 new restaurants in fiscal 1989. Targeted locations include Chicago, Detroit, Ohio, and suburban Washington, DC. A new menu is currently in test in Atlanta that includes some new dishes: seafood salad, tostada salad, fried chicken salad, and a "smokey mountain" chicken filet.

9

PIZZERIA UNO

West Roxbury, MA

1988 U.S. Systemwide Sales	**$72,600,000(E)**
1988 U.S. Systemwide Units	**52**

Casual-theme chain Pizzeria Uno added former Burger King chairman J. Jeffrey Campbell to a list of fast-track franchisees that already includes Art Gunther, Lou Neeb, and Jeff Grayson. Campbell plans to open two units in Charlotte and Asheville, NC, by year end. Pizzeria Uno will continue to pursue opportunities in the Northeast, opening new company-owned units in Washington, DC's Union Station and Buffalo, NY. The company as a whole is expected to expand at a rate of 40% to 50% a year.

10

CRACKER BARREL

Lebanon, TN

1988 U.S. Systemwide Sales	**$147,823,000**
1988 U.S. Systemwide Units	**67**

The full-service, family-oriented Cracker Barrel chain of country-style restaurants and gift shops is striving to maintain its 20% expansion rate, spurred on by a $22 million common stock offering this year. Last year it opened 12 stores, and has 15 targeted for this year. It prefers to locate on interstate highways, with I-75 southeast from Tennessee to Florida a strong market. The chain has spread as far north as Ft. Wayne, IN. Unit volumes of some stores have gone as high as $2 million.

11

SBARRO

Commack, NY

1988 U.S. Systemwide Sales	$154,400,000
1988 U.S. Systemwide Units	288

Sbarro is not messing with its winning formula, except to test a strip center location. Until now, all units have been located in malls, except for some freestanding units in New York City. Management is pleased with volumes from the strip center test, but is still waiting before building more. Recent menu additions are pasta primavera and seafood items, but emphasis remains on spaghetti, pizza, and other Italian specialties. Expansion to new markets will continue.

12

VIE DE FRANCE

McLean, VA

1988 U.S. Systemwide Sales	**$32,500,000**
1988 U.S. Systemwide Units	**56**

Very few changes are planned at Vie de France, which has been largely successful with its two formats: cafes and restaurants featuring its signature baked goods. Average unit volume: $600,000... A 50/50 joint venture deal has been signed with California Pizza Kitchen of Los Angeles to open CPKs on the East Coast. The first will be at a new regional mall in Tyson's Corner, VA. Others will follow.

continued on page 146

13

CHILI'S

Dallas, TX

1988 U.S. Systemwide Sales	$297,960,000
1988 U.S. Systemwide Units	159

Chili's continues to roll on, enjoying its fifth consecutive year of comparable store sales gains (at press time in the 4% to 5% range) and heading for projected $350 million sales in 1989. This year, Chili's acquired the six-unit Grady's casual-dining concept as an additional growth vehicle. It plans to maintain its growth pace of 30 to 35 new Chili's plus two or three Grady's per year, developing clusters of units in established markets for effective media usage. A grilled tuna salad is a recent menu addition.

> RANCHISEES WERE EXCLUDED TO PREVENT DOUBLE COUNTING. TOP 50 CHAINS HAVE 10 OR MORE UNITS AND MAY OPERATE DIVERSE CONCEPTS.

14

LE PEEP

Denver, CO

1988 U.S. Systemwide Sales	$32,000,000(E)
1988 U.S. Systemwide Units	67

Le Peep is currently expanding into new locations. Until now, these breakfast-only units have been placed primarily on shopping center mall pads or have been freestanding. Now, however, the chain is about to open its first food court location and it is also looking into mall locations. Other changes may follow, including some in the area of menu development and the type of franchisees to be selected.

15

WHATABURGER

Corpus Christi, TX

1988 U.S. Systemwide Sales	**$272,000,000**
1988 U.S. Systemwide Units	**422**

This privately owned hamburger chain is a giant in its southwestern markets, although it's little known outside that region. Units are adding drive-thrus and the chain last year added a tortilla with pork sausage in deference to its Mexican clientele. The company also markets to adults with a wide choice of made-to-order hamburgers.

16

GOOD EARTH RESTAURANTS

Calabasas, CA

1988 U.S. Systemwide Sales	**$66,000,000(E)**
1988 U.S. Systemwide Units	**33**

Good Earth, located primarily on the West Coast, is beginning to push eastward. A franchised operation opened last month in Pittsburgh; additional units are slated for Atlanta and Philadelphia. The company currently has franchisee commitments in 14 new areas. A new prototype has debuted, featuring more contemporary colors, a new logo, neon lighting, and a more visible baked goods section. A new menu was also rolled out chainwide with such items as Calico Bay scallops and a seafood melt.

17

RYAN'S FAMILY STEAK HOUSES

Greer, SC

1988 U.S. Systemwide Sales	**$234,000,000**
1988 U.S. Systemwide Units	**122**

The family-oriented steak-house chain grew by five franchised and 15 company-owned stores last year. Recent menu rollouts include a rainbow trout fillet and a chicken filet sandwich. New combination plates are in test. The Mega Bar food bar, which garners more than 40% of total sales, offers three to five hot meat entrees daily. This operations-driven company eschews marketing promotions in favor of word-of-mouth advertising, using the dollars it saves to offset food costs.

continued on page 155

TOP 50 GROWTH CHAINS

RANK BY SALES

18

OLD SPAGHETTI WAREHOUSE

Garland, TX

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$25,400,000**
1988 U.S. Systemwide Units	**12**

Buoyed by mild winter weather and a successful five-week lasagna promotion, third-quarter earnings jumped from 18¢ to 32¢ per share for the high-volume chain of family-oriented Italian eateries, as it moved toward a projected $27 million fiscal year-end sales total. Within five years, it projects an increase from 12 to 25 units. The operations-driven company has added a construction division and a draftsman and is looking at new creatives, updated in-store merchandising, and an employee incentive program.

19

PIETRO'S

Lynwood, WA

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$44,000,000(E)**
1988 U.S. Systemwide Units	**79**

This pizza chain is completely company-owned and has no plans to franchise. It primarily offers variations on pizza, but has recently been testing an Italian buffet in four of its markets. The all-you-can-eat pasta and salad bars are priced at $5.89 at dinner and so far chain officials consider the addition a success. The company has no plans to move out of its Pacific Northwest markets of Oregon and Washington.

20

HOUSTON'S RESTAURANTS

Atlanta, GA

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$69,557,000**
1988 U.S. Systemwide Units	**18**

Now in its 13th year, this closemouthed, privately held casual-dining chain is one of the industry's most admired companies, due to its emphasis on scratch-made food, all-premium bar, attractive design, and excellent service. The company expands slowly at a rate of one or two units per year, considering sites in major metropolitan areas throughout the country, with the exception of the Northeast. The company steadfastly refuses to go public, franchise, or sell equity interests, despite continual inquiries.

21

BAKERS SQUARE

(VICORP)
Denver, CO

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$189,354,000**
1988 U.S. Systemwide Units	**150**

An average unit volume of about $1.2 million is typical for this coffee shop's restaurants. Bakers Square has finally absorbed the Sambo's units it bought following that chain's troubles, and the menu has been trimmed significantly. Underperforming menu items were eliminated, and signature items—including pies—are being emphasized and promoted heavily. The company has no plans for expansion into new markets.

22

VALENTINO'S

Lincoln, NE

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$34,000,000**
1988 U.S. Systemwide Units	**40**

Valentino's has rolled out its new Italian/soup/salad/pizza bar systemwide, and it now accounts for 90% of in-store sales, priced at $4.49 at lunch and $5.59 at dinner. But 45% of total sales are still take-out, with delivery now accounting for 10%. Many new markets are being cracked by franchisees. Kansas was recently added, with rural markets offering current growth. The chain's average unit volume: $950,000.

23

ARK RESTAURANTS

New York, NY

RANK BY UNIT GROWTH: 14

1988 U.S. Systemwide Sales	**$37,853,000**
1988 U.S. Systemwide Units	**19**

In 1988, Ark Restaurants expanded through the addition of three management contracts in Boston's Faneuil Hall, and opened El Rio Grande—a Mexican concept it manages and co-owns—in New York City. This year, concentrating on company-owned units in Manhattan, Ark opened Poiret, a French bistro; An American Place, co-owned with chef Larry Forgione; and Gonzalez Y Gonzalez, a Mexican restaurant. In Washington, DC's Union Station, it opened a spinoff of its popular NYC restaurant, America.

continued on page 156

24

L&N SEAFOOD GRILL

(Morrison Inc.) **Mobile, AL**

1988 U.S. Systemwide Sales	**$36,000,000**
1988 U.S. Systemwide Units	**18**

This dinner-house concept will expand by three to five units in 1989, with Eastern seaboard sites being developed. The company is creating a system that would allow restaurants to feature more seasonal fish and seafood products, to help L&N keep prices down. The specials, which will be offered on a market-by-market basis, will be supported by localized promotions. Marketing for the chain will be used on a selective basis, with the bulk of the advertising dollar going to direct mail merchandising.

SECOND-TIER CHAINS STAY WITHIN WELL-DEFINED MARKET NICHES, WHICH OFTEN ENABLES THEM TO GROW FASTER THAN LARGER COMPANIES.

25

RED ROBIN

Irvine, CA

1988 U.S. Systemwide Sales	**$100,325,000**
1988 U.S. Systemwide Units	**47**

Now a wholly owned subsidiary of Japanese food giant Skylark, Red Robin is trying to reduce land and building costs while increasing check average. A reduced and simplified menu, along with a trimmed-down new building size, has increased the average check by over $1 in the last year. Entrees are being stressed so the chain can break out of the "gourmet burger" segment perception.

26

BENIHANA OF TOKYO

Miami, FL

1988 U.S. Systemwide Sales	**$84,000,000**
1988 U.S. Systemwide Units	**47**

A quarter-century after its founding by Japanese immigrant Rocky Aoki, Benihana plans no changes in its simple, streamlined operations, featuring a limited menu of steak, lobster, shrimp, chicken, and vegetables cooked by a showman-chef at a tableside hibachi. Benihana of Tokyo is the private company wholly owned by Aoki, while Benihana National Corp. is the publicly held licensing subsidiary. Last year, BNC closed its two Big Splash seafood restaurants, selling one and converting the other to a Benihana.

27

SANDWICH CHEF

Birmingham, AL

1988 U.S. Systemwide Sales	**$35,000,000**
1988 U.S. Systemwide Units	**175**

The company's Chef's operations include the following: Sandwich Chef, R.C. Coopers, and five other delicatessen sandwich concepts. Although the Sandwich Chef concept was the expansion vehicle in the past, the company has recently begun to focus its energies on the more upscale, higher-volume R.C. Coopers, which features regular Sandwich Chef sandwiches as well as premade salads. In 1988, six Sandwich Chefs were converted to R.C. Coopers; the company also added 13 new R.C. Coopers.

28

TOGO'S

(MTC Management Inc.)
Campbell, CA

1988 U.S. Systemwide Sales	**$55,000,000**
1988 U.S. Systemwide Units	**121**

Primarily franchised, this chain is currently expanding widely in Southern California. Company officials then intend to focus on Nevada and Oregon. It has been adding about 15 to 18 units a year, and will continue at that pace. New products include seafood salad and soups added to a menu primarily comprised of salads and sandwiches, with beer and wine. Sixty percent of sales occur at lunchtime. Average unit volume is $470,000. The average check is $3.65.

29

BLACK-EYED PEA

(Unigate PLC) **Dallas, TX**

1988 U.S. Systemwide Sales	**$72,000,000(E)**
1988 U.S. Systemwide Units	**55**

The country-cooking chain is operated by Prufrock Restaurants, a subsidiary of the British firm Unigate PLC. Black-eyed Pea has added lighter items such as baked whitefish, grilled chicken salad, charbroiled chicken, and whole wheat rolls to its menu mainstays, which are chicken-fried steak and chicken-fried chicken, red beans and rice, and black-eyed peas. The concept has expanded into suburban Washington, DC, and Denver. Projections call for eight to 12 new stores annually for the next few years.

30

SIRLOIN STOCKADE

Hutchinson, KS

1988 U.S. Systemwide Sales	**$52,305,000**
1988 U.S. Systemwide Units	**67**

The privately owned Sirloin Stockade family-oriented steakhouse chain includes 63 franchised units, mostly in Oklahoma, Texas, and Kansas. Future growth is pegged at a steady 10 to 12 units per year, about 75% franchised. The company plans to support its franchised and company stores with increased marketing by means of electronic media, point-of-sale materials, in-store promotions, and special events. A "kids eat free" promotion on Tuesdays has significantly boosted sales on that day.

31

OLGA'S KITCHEN

Troy, MI

1988 U.S. Systemwide Sales	**$41,700,000**
1988 U.S. Systemwide Units	**51**

Privately held Olga's adheres steadily to its niche, offering pita-like Olga sandwiches and table service in regional shopping mall units. In 1988, Olga's resumed company store expansion after a two-year hiatus, opening eight units in its Detroit home base. The company is committed to supporting existing franchisees before seeking new ones. Areas slated for franchise development include upstate New York, Washington, DC, and Los Angeles. It anticipates 15 new company units and about five franchised stores.

32

JERRY'S SUBS & PIZZA

Rockville, MD

1988 U.S. Systemwide Sales	**$38,000,000**
1988 U.S. Systemwide Units	**68**

With 65 units, Jerry's has recently moved into the Philadelphia market, keeping to its plan of gradually moving into new markets in its mid-Atlantic base. New product development recently yielded a pizza slice, and new sandwich combinations are on the way. Biggest seller: steak and cheese sandwich. Sandwiches are responsible for 75% of product mix; pizza picks up the remainder. Average unit volume is $575,000. Jerry's next new expansion market: northern Virginia.

33

BLIMPIE

(Astor Restaurant Group)
New York, NY

1988 U.S. Systemwide Sales	**$107,400,000**
1988 U.S. Systemwide Units	**350**

In June, the chain began testing Blimpie Lites — a new low-calorie sandwich and salad line — in 70 stores in Georgia. The line offers a choice of five pre-made ingredients, available in either salads or sandwiches served on pita bread: seafood and crab, tuna, chicken salad, turkey salad, and tovafish (a new surimi product). Additionally, the company is continuing to develop its program of area distributorships. Currently, Blimpie has 14 contracts signed and expects that number to reach 25 to 30 in the next two years.

34

PICCADILLY CAFETERIAS

Baton Rouge, LA

1988 U.S. Systemwide Sales	**$251,883,000**
1988 U.S. Systemwide Units	**126**

The past year for Piccadilly has been marked by unit expansion, sales increases, a trailblazing foray into central California, and the acquisition of the six Ralph & Kacoo's Cajun seafood dinner houses, which will be an additional growth vehicle. The company met its growth target of 10 additional cafeteria units in fiscal 1989 and anticipates another 10 cafeterias in fiscal 1990 and at least one additional Ralph and Kacoo's. Future expansion will be focused on new markets in California and the Sunbelt.

continued on page 158

BOB EVANS FARMS

Columbus, OH

1988 U.S. Systemwide Sales	**$285,526,000**
1988 U.S. Systemwide Units	**221**

The homestyle cooking chain enjoyed a net gain of 21 units in 1988, despite the sale of six underperforming stores in the Chicago suburbs. Its Owens family restaurants company in Texas, which has three units, should grow by four or five units this year. In 1989, Bob Evans will open its first units in Virginia and suburban Philadelphia. The company is updating its breakfast menu with new lighter, healthful items such as oatmeal, bran muffins, an omelet made with egg substitute, and a fruit plate.

36

CHICK-FIL-A

Atlanta, GA

1988 U.S. Systemwide Sales	**$232,189,000**
1988 U.S. Systemwide Units	**386**

While many chicken segment chains saw flat or decreased sales for 1988, Chick-fil-A enjoyed a 14.5% increase. The privately held company has recently added a "street strategy" to its predominantly mall-based approach. By the end of 1988, the company had 10 street locations in Atlanta, and had plans to continue adding freestanding stores in surrounding cities. With average unit volume totaling more than $1 million, these stores tend to surpass the chain average, helping fuel this year's increase.

GROUND ROUND

(Hanson Industries PLC)
South Weymouth, MA

1988 U.S. Systemwide Sales	**$260,975,000**
1988 U.S. Systemwide Units	**212**

Twenty-year-old Ground Round's success formula is to be many things to many people, including families, singles, businesspeople, and seniors. Ribs are a signature item, followed closely by its half-pound Ground Rounder burger. A popular promotion lets kids eat for one cent per pound of body weight. In 1988, it acquired 20 Stuart Anderson restaurants and added 15 company units and five franchised units. Internal company emphases are on training, recognition, and retention of employees, and incentives.

38

RALPH & KACOO'S

(Piccadilly Cafeterias)
Baton Rouge, LA

1988 U.S. Systemwide Sales	**$26,738,000**
1988 U.S. Systemwide Units	**6**

New parent Piccadilly Cafeterias says it has no major changes in store for the six-unit group of Cajun seafood dinner houses in Louisiana and Texas it acquired last year—just a continued transition from independent to major corporate systems. The Ralph & Kacoo's culture is said to be blending well with Piccadilly's, and key personnel remain on the job. In the short term, Piccadilly plans one or two new Ralph & Kacoo's in the next year, leapfrogging into neighboring Southern states in the future.

ORIG. GREAT AM. COOKIE

(Orig. Great Am. Choc. Chip Cookie) **Atlanta, GA**

1988 U.S. Systemwide Sales	**$49,000,000**
1988 U.S. Systemwide Units	**247**

Primarily franchised, Original Great American Cookie units are generally located in shopping malls. Some other locations have been tested. In the last few months, a variety of brownie products have been added to the chain's basic cookie menu. New markets are being developed in California, Massachusetts, Oregon, and Nevada. Growth will continue at a 10% annual rate. Average unit volume: $215,000.

40

HUDDLE HOUSE

Decatur, GA

1988 U.S. Systemwide Sales	**$50,000,000**
1988 U.S. Systemwide Units	**147**

Huddle House's 24-hour-a-day coffee shops rely on breakfast for approximately 40% of sales, although some menu expansion has been undertaken. A club sandwich, new omelets, and a grilled chicken sandwich have been added, but the chain intends to remain a "blue-collar" restaurant, eschewing major changes for its traditional customer. A newly designed unit now offers 60 seats, which increases sales by about $200 a day. Fast growth is expected to continue, with 25 to 30 new units anticipated in fiscal 1990.

41

QUINCY'S FAMILY STEAK HOUSES

(Spartan Food Systems Inc.) **Spartanburg, SC**

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$250,900,000**
1988 U.S. Systemwide Units	**211**

The family-oriented Quincy's budget steak-house chain is operated by Spartan Food Systems, a wholly owned subsidiary of TW Services Inc. It totals 211 units, located primarily in the Southeast. A recent menu addition is grilled chicken breast; the Country Sideboard food bar offers hot foods, salads, soups, and desserts such as deep-dish pies and ice cream sundaes. Expansion target for Quincy's this year is 11 units.

42

OLD SPAGHETTI FACTORY

Portland, OR

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$36,900,000**
1988 U.S. Systemwide Units	**23**

This year marks the 20th anniversary for the privately owned full-service, family-oriented chain, which, as of 1989, encompasses 24 domestic units and eight in Japan. Stateside, it is enjoying a 6% increase in same-store sales this year. Over the past year, OSF has opened units in Salt Lake City, Atlanta, and Oakland; expansion targets are the Midwest, Southeast, San Francisco, and Los Angeles. The menu, which specializes in spaghetti dishes, has been broadened with the addition of lasagna in 1988.

43

LEVY RESTAURANTS

Chicago, IL

RANK BY UNIT GROWTH: [illegible]

1988 U.S. Systemwide Sales	**$62,000,000(E)**
1988 U.S. Systemwide Units	**32**

Privately held Levy Restaurants operates a variety of restaurants in the quick-service, midscale, and upscale segments. All are located in Chicago, with the exception of three units in Pittsburgh and a pair recently opened at Walt Disney World's new Pleasure Island complex in Orlando, FL: The Fireworks Factory and the Portobello Yacht Club. In Chicago, Hopper's Dining Car opened last fall, brought a midprice eclectic menu to the Magnificent Mile residential, shopping, and hotel district.

44

PAPA GINO'S

Dedham, MA

RANK BY UNIT GROWTH: 38

1988 U.S. Systemwide Sales	**$132,000,000**
1988 U.S. Systemwide Units	**207**

Growth is continuing at a pace of about 20 units a year, but there are no plans to tackle new markets outside the chain's New England home base. The menu primarily consists of Italian specialties, but Papa Gino's recently added premium soft ice cream with mix-ins to broaden its appeal, especially for the summer months. Average unit volume runs about $650,000 in a relatively small floor space.

MANY TOP 50 OPERATORS HAVE DUPLICATED THEIR SUCCESS IN DIFFERENT CITIES THAT HAVE SIMILAR DEMOGRAPHICS AND CLIENTELES.

45

RESTAURANTS UNLIMITED

Seattle, WA

RANK BY UNIT GROWTH: 43

1988 U.S. Systemwide Sales	**$56,000,000**
1988 U.S. Systemwide Units	**19**

In a big step for the Seattle-based dinner-house chain, it has opened its first East Coast restaurant, Cutter's, in Philadelphia. The new unit brings the number of RU properties to 19, including one located in an Embassy Suites hotel. Another area of growth for the company is Cinnabon, a wholly owned subsidiary, which now has over 100 units primarily located in shopping malls. Cinnabon, a fresh cinnamon roll and baked goods concept, has an average unit volume of $280,000.

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46 HAPPY JOE'S PIZZA

Bettendorf, IA

1988 U.S. Systemwide Sales	$28,283,000
1988 U.S. Systemwide Units	78

Although 75% of sales come from pizza, this chain is trying to broaden its appeal with the addition of pastas and other Italian specialties to its menu. Units are being updated from an old-fashioned ice cream parlor look to a more contemporary brass and oak design concept. About 30% of the chain has been remodeled, and all new units have the new look. Average unit volume: $362,000, with a $4.25 check average.

WIDENING APPEAL HAS BECOME TOP PRIORITY. ADDING MENU ITEMS, ENHANCING DECOR, AND IMPROVING SERVICE HAVE BOOSTED CHAIN POPULARITY.

47 TACO JOHN'S

Cheyenne, WY

1988 U.S. Systemwide Sales	$116,000,000
1988 U.S. Systemwide Units	448

Taco John's recent remodeling program has provided many units with drive-thrus and more seating. The menu was expanded to include chicken, which can now be ordered in all items, and the average check is bumping up at $3.50. Advertising has become more of a focus, with regional advertising cooperatives formed by franchisees, who compose 98% of the chain. The company has no plans to move out of its home markets in the upper Mid- and Northwest.

48 MARIE CALLENDER'S

(Wilshire Restaurant Group) Orange, CA

1988 U.S. Systemwide Sales	**$245,000,000(E)**
1988 U.S. Systemwide Units	**148**

In May, Marie Callender's was purchased from Ramada by Wilshire Restaurant Group Inc. Franchising will remain the chain's primary growth strategy, but some changes are in the works. A smaller, 5,700-sq.-ft. unit is being tested for smaller markets and for filling in existing markets. About 5% of the menu has been trimmed over the last year to streamline operations and improve quality.

49 CAROUSEL SNACK BARS

Minneapolis, MN

1988 U.S. Systemwide Sales	**$52,000,000(E)**
1988 U.S. Systemwide Units	**330**

A new agreement with A&W Root Beer to sell its products in Carousel's stores is expected to further accelerate sales and unit growth for this chain. Hot dogs account for 30% of sales. Much growth has come from acquisition of smaller chains, and management intends to continue growing in that manner. Existing markets are still being filled, with 330 units in 46 states. Average unit volume: $170,000.

50 LUBY'S CAFETERIAS

San Antonio, TX

1988 U.S. Systemwide Sales	**$264,000,000**
1988 U.S. Systemwide Units	**117**

Luby's, an entirely company-owned chain, continues to grow at 10% per year, having added 12 stores over the past year. It christens its new Florida market this year with a store in Tampa. Luby's take-out food program is a major marketing emphasis; about one-third of Luby's units have been retrofitted with separate entrances, signage, and point-of-sale material to promote food to go. A special abbreviated take-out menu has been rolled out, but the entire menu is available for take-out on request.

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COMPETITION AND CONSOLIDATION seem to be the buzzwords in the maturing chicken segment these days as national and regional chains continue to battle for market share.

While a few chains such as Kentucky Fried Chicken are flourishing in this highly competitive environment, others are enduring flat or disappointing sales while still others must struggle simply to survive.

Ironically, this turmoil comes at a time when chicken consumption has reached an all-time high in this country. According to retail figures released by the U.S. Department of Agriculture, Americans ate 64.1 lb. of chicken per person in 1988, an increase of 2% over the 62.8 lb. in 1987. And, by the end of 1989, the USDA expects that figure to rise to 67.5 lb. per person.

And while the number of restaurants specializing in chicken continues to rise as well, that total is being offset by the number of units that are being closed or converted to other concepts. Church's Fried Chicken, for example, recently shuttered about 110 underperforming company stores in an effort to trim costs. According to the Restaurant Consulting Group, based in Evanston, IL, there were 12,292 chicken restaurants operating in the United States in 1988, a total increase of only about 130 units over the previous year.

UNCERTAIN SITUATION. Industry analysts attribute the uncertain situation to a number of factors. Obviously, the competition from the top burger chains selling a variety of chicken products has taken its toll on all players. One expert points out that, after Kentucky Fried Chicken, the next three largest purveyors of chicken in the foodservice industry are McDonald's, Burger King, and Wendy's.

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COMPETITION FROM BURGER CHAINS SELLING CHICKEN PRODUCTS HAS TAKEN ITS TOLL ON THE SEGMENT.

BY PAUL FRUMKIN

El Pollo Loco is focusing on its Mexican-style marinated charbroiled chicken.

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BROWN'S
CHICKEN

"The image has become so blurred, that it's hard to even refer to it as the chicken segment anymore," comments Gregg Reynolds, Kentucky Fried Chicken's vice president of public affairs.

Steven Rockwell, an analyst with Alex. Brown & Sons in Baltimore, concurs that while the burger chains have made inroads, the clearly dominant position of Kentucky Fried Chicken as well as the strong regional presence of Church's and Popeye's makes it more difficult for smaller chains to succeed. "There might be several isolated markets where they can do well," he explains, "but it's much tougher for those smaller regionals to break in these days."

Not everybody attributes these problems to stiff competition, however. Frank Portillo, president of the Lombard, IL-based Brown's Chicken, suggests that some of his competitors' woes are a result of operational difficulties. "You just can't throw money into a restaurant," he says. "This is an old-fashioned business and you must get involved. A lot of these chains that have closed units lacked experience in the operating end of the business."

MATURATION. Whatever the exact reasons, though, the general mood within the segment is summed up by KFC's Reynolds: "What we're seeing is the process of maturation at work."

Kentucky Fried Chicken further distanced itself from the rest of the flock in 1988, consolidating its position as a strong number-one in the segment. Owned by PepsiCo Inc., the Louisville, KY-based chain saw its market share rise last year to 46%—an increase of 2% over 1987. And this year, a spokesperson estimates, that figure is running closer to 50%.

In 1988, KFC generated systemwide sales of $4.9 billion, up about 16% over the previous year's sales of $4.1 billion. Average unit volumes also took a leap in 1988 to $700,000—an increase of 6.1% over 1987.

At the end of last year, the company had 4,889 domestic units in operation—of which 1,262 were company-owned—and 2,862 international restaurants, for a total of 7,751 stores worldwide. That

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COMPETITION AND CONSOLIDATION SEEM TO BE THE BUZZWORDS IN THE MATURING CHICKEN SEGMENT.

Brown's Chicken (above) plans to add eight to 10 new units by the end of this year.

Super Popeyes (below) is a 3,000-sq.-ft. free-standing unit that seats 110.

SUPER POPEYES
Chicken & Beef

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figure is expected to increase by more than 350 units by the end of 1989.

This year, KFC is active on a number of fronts. The company will continue to move into the snack and lunchtime market—which began with the rollout of Chicken Littles nearly two years ago. The debut of a larger, midpriced sandwich—called the Colonel's Chicken Filet Burger—is slated for later this year. At the same time, KFC is testing a charbroiled chicken product as well as the Extra Tasty Crispy Chicken—which is in about 800 stores and will eventually supplant Extra Crispy Chicken.

NEW PROTOTYPE. KFC has also embarked upon a redevelopment plan with its new "state-of-the-art" stores. Called the 38 Series because it's 38 ft. deep, the new prototype includes the installation of a $20 million computer system linking the counter, kitchen, drive-thru window, and headquarters. The company expects to have 40 company-owned and franchised 38 Series restaurants operational by year end.

Also in test is the KFC Express, a smaller unit offering a limited menu designed for pedestrian traffic. The KFC Express offers Original Recipe chicken, french fries, chicken sandwiches, biscuits, and beverages. Currently, the company is studying two company-owned Express units in New York and Atlanta, and 11 franchised units in New York.

MANY CHAINS ARE ENDURING FLAT OR NEGATIVE SALES WHILE OTHERS MUST STRUGGLE TO SURVIVE.

After more than four months of wrangling, Al Copeland, the owner of 720-unit Popeyes Famous Fried Chicken & Biscuits, acquired the San Antonio, TX-based Church's Fried Chicken—the number-two chicken chain with 1,368-units—for $392 million.

At the end of 1988, Church's lost $14.5 million on revenues of $419.6 million, compared with a net profit of $9.5 million on revenues of $419.6 million a year earlier. Average unit volumes for 1988 are estimated at $340,000. Revenues have fallen a total of 35% since 1985.

Some investors question whether the $11 a share Copeland paid for the ailing

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Nashville-based Lee's Famous Recipe Chicken is converting old units into a newer "farmhouse" design.

Lee's
Famous
Recipe

CHICKEN

Church's was worth it. Copeland, however, is confident he can turn Church's around and halt its three-year sales and profit plunge.

"My objective is to get sales up 20% at Church's, so I've got to figure out exactly how to do that," Copeland declares. Current plans call for the closing and selling off of between 150 and 175 underperforming Church's units. Popeyes franchisees will be offered the option of buying these units. Prior to the purchase, former president Ernie Renaud had announced that he would shutter 110 Church's units. Additional measures call for shifting the emphasis to opening franchised stores rather than company-owned; broadening the menu—the addition of a new biscuit product and french fries is planned—and increasing the average per-person check; and laying off employees.

Copeland blames Church's problems on units concentrated in the depressed "Oil Belt" and the chain's propensity for deep discounting. According to Lewis "Bucky" Kilbourne, Popeyes' chief financial officer (and a former Church's executive), Church's often discounted prices by as much as 30%. "They started selling two pieces of chicken for 99¢ where they had once charged $1.39," he explains.

Church's, notes Copeland, was "trying to be the Wal-Mart of the chicken business. That led them down the drain."

Based in Lafayette, LA, Popeyes, which is owned by A. Copeland Enterprises, is half the size of Church's. But, at $725,000, its average store volumes are more than twice those of Church's. During 1988, Popeyes' systemwide sales totaled $485 million, an increase of $25 million over 1987.

SUPER POPEYES. Earlier this year, Popeyes rolled out its latest concept, Super Popeyes, in Metairie, LA. The 3,000-sq.-ft. freestanding unit seats 110. The menu offers a number of Southwestern-style grilled items, including a quarter chicken, served with two tortillas, $2.99; a half-chicken, with three tortillas, $4.39; and a whole chicken, with four tortillas, $7.49. Dinners are served with smothered peas or corn, and *pico de gallo* sauce.

Copeland's attitude toward the concept appears to be relatively casual, however. "We don't know what it's going to do, or how to do it. It's just something to play with."

While Copeland wrestles with the problem of how to rebuild Church's, a number of other chain executives are finding themselves in similar straits. Although Woodland, CA-based Intercoastal Properties was given the go-ahead by the courts to purchase the 205-unit Pioneer Take Out chicken chain, the company's negotiations with franchisees over a new franchise agreement are taking longer than expected.

"Things are on hold here," says Pioneer's president and chief financial officer, Thomas Wheelock.

Pioneer spent a year in Chapter XI before being purchased for $7.8 million in cash and notes by Intercoastal, and

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Lewisville, TX-based Grandy's continues its aggressive marketing in the depressed "Oil Belt."

AMERICANS ATE 64.1 LB. OF CHICKEN PER PERSON IN 1988, AN INCREASE OF 2% OVER 62.8 LB. IN 1987.

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AFTER KFC, THE NEXT LARGEST PURVEYORS OF CHICKEN ARE MCDONALD'S, BURGER KING, AND WENDY'S.

franchisees were hopeful that the new owners would infuse the ailing company with much-needed capital. Franchisees still remain hopeful, says Rod Jarboe, president of Pioneer's franchisee association.

In the meantime, the chain is testing a few chicken-related products. Pioneer's systemwide sales for 1988 totaled $65 million, and as a result of the current, prolonged negotiations, Wheelock anticipates that sales for 1989 will be flat. Unit volumes are averaging $300,000.

CREDIBILITY. Franchisees of Charlotte, NC-based Bojangles of America have had little to crow about recently—a problem the chain's New York-based owner Horn & Hardart hopes to rectify with the creation of H&H Restaurant Corp. Operated as a separate division, H&H has been charged with turning around the Bojangles system. When he was appointed president and chief operating officer of H&H a few months ago, John Bifone told *RB* that his first priority was to "win back the credibility of our Bojangles franchisees."

The system seemed to reach a nadir late last year when the deal to sell the chain to Carabo Inc. of Greenville, NC, collapsed. Negotiations between Horn & Hardart and Carabo—Bojangles' largest franchisee—fell apart after they failed to reach an agreement. Following that, Horn & Hardart reassumed franchising responsibilities for Bojangles. Systemwide sales for Bojangles were $138 million for fiscal 1988. A number of underperforming units were shuttered during the year, leaving Bojangles with 181 units, down from a high of 222 a year ago.

Sisters Chicken & Biscuits, the 60-unit midscale chain based in Westlake, OH, also suffered a bad year. Recently, parent SIS Corp. filed for protection under Chapter XI of the federal bankruptcy code. SIS defaulted on its outstanding loan last September and was given an extension to refinance nearly $8 million in back payments.

Sisters, which was purchased from Wendy's in 1987 for $14.5 million by SIS Corp., has been attempting to restore its image as a fried chicken chain. Experts say the company added too many other products, such as grilled sandwiches, a salad bar, and fajitas.

Another midscale chicken chain, Mrs. Winner's Chicken & Biscuits, was recently sold by Winners Corp. to the Atlanta-based RTM Inc. for $30 million in cash plus the assumption of some lease obligations.

Lonnie J. Stout, president and chief executive officer of the Nashville-based Winners, says the company plans to focus its attention and capital resources on its 50 Wendy's restaurants. Sales for 1988 for Winners Corp. had fallen to $106.2 million from $111.9 million in 1987. Previously, the company had been attempting to shore up Mrs. Winner's sagging sales by implementing a new line of menu items called Southern Originals.

Back in March, Winners had agreed to sell 11 Mrs. Winner's stores to Kentucky Fried Chicken. The remaining 110 restaurants will be taken over by

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Recently purchased by Intercoastal, Pioneer Take Out is testing some new products.

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Kentucky Fried Chicken

At the end of 1988, KFC had 4,889 domestic units in operation and 2,862 international restaurants.

RTM, which currently operates 200 Arby's restaurants in 11 states. According to a spokesperson, RTM will spend up to 18 months "absorbing" Mrs. Winner's. Following that, it plans to expand the chain through the addition of company-owned and franchised properties. RTM has no plans to close any existing units, the spokesperson says.

REPOSITIONING. Meanwhile, El Pollo Asado, the 42-unit charbroiled chicken chain based in Phoenix, continues to reposition itself as a Mexican concept. Ronald Paradis, chief financial officer and executive vice president, explains that the shift is at least partially a result of the chain's damaging move into the Dallas market.

Earlier, El Pollo Asado had opened five company-owned stores in Dallas. But, says Paradis, "The economy and our own financial inability to market the product" forced the company to close the units and, at the same time, reassess the company's marketing niche. El Pollo Asado took a $3.6 million write-off as a result of the unit closings. Systemwide sales totaled $22.6 million in 1988.

At the redesigned concept, diners order, pay, and pick up their beverages at the register. Then they are seated and a server delivers their meals. The menu—which will continue to showcase the chain's charbroiled chicken—includes fajitas, burritos, chimichangas, enchiladas, beef tacos, and taco salad. A salsa bar is also available, in addition to beer, wine, and margaritas.

Development costs for the prototype range from $600,000 to $1 million. El Pollo Asado hopes to have all of its units converted by mid-1990.

But while it would appear that much of the segment is in turmoil, a number of companies are conducting business as usual—and tallying strong sales, as well. Chick-fil-A, the privately held, nonfranchised chicken chain based in Atlanta, enjoyed a double-digit sales increase last year. Systemwide sales hit $232.2 million in 1988, a 14.5% increase of the previous year's figures of $202.7 million. Average unit volumes also rose from $575,000 in 1987 to $622,000 last year—a jump of 8.2%.

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A FEW CHAINS SUCH AS KENTUCKY FRIED CHICKEN ARE FLOURISHING IN THIS COMPETITIVE ENVIRONMENT.

KFC is testing a charbroiled chicken product as well as Extra Tasty Crispy Chicken.

Kentucky Fried Chicken
Kentucky Fried Chicken

STREET STRATEGY. However, Chick-fil-A is also in the process of shifting strategies. With its 390 units located predominantly in malls throughout 31 states, the company finds itself running out of traditional locations. "Malls just aren't being put up that quickly," says Don Perry, manager of public relations for the company. "So we've added a 'street strategy' to our mall base."

Mrs. Winner's Chicken & Biscuits is a midscale chicken chain, with a broader menu than fast food.

By the end of last year, Chick-fil-A had opened about 10 street locations in Atlanta, and expects to have another 20 or so open by the end of 1990. Because the street locations are not governed by mall shopping, these units open earlier and close later. Consequently, Chick-fil-A has expanded its previously limited breakfast menu. The resulting increase in breakfast sales has driven the average unit volumes at some freestanding units beyond the $1 million mark.

While street locations appear to be generating healthy sales for the company, Perry says that Chick-fil-A is not about to abandon its traditional mall strategy. "We still hope to open between 15 and 20 mall locations a year," he says. Currently, Chick-fil-A is looking at locations in Chicago, Seattle, and the northeastern states.

The company is also planning to reintroduce its barbecued chicken sandwich later this year. The product, which was recently reformulated, fits well into Chick-fil-A's mall demographics and has been performing well in its test markets, says Perry. The sandwich sells for $1.79.

Chick-fil-A will continue to maintain its previous advertising strategy—mainly radio but with some regional television spots. In-mall promotions will also feature heavily during the coming year.

POPEYES' RECENT ACQUISITION OF CHURCH'S MAKES IT THE NUMBER-TWO CHAIN IN THE SEGMENT.

Another chicken chain that has quietly been logging strong increases is Nashville-based Lee's Famous Recipe Chicken. Owned by Shoney's Inc., the 282-unit chain's systemwide sales totaled $150 million in 1988. Revenues rose to $25.8 million, an increase of 18% over $21.9 million in 1987.

FRANCHISE PUSH. With nearly 50% of its units clustered in Ohio and Kentucky, and virtually all of the rest located in the southeast, Lee's Famous Recipe is "pushing franchising aggressively across the board," says a spokesperson for the chain. By the end of 1990, the chain plans to have nearly 310 company-owned and franchised stores in operation.

The conversion of old units into the newer "farmhouse" design continues, and the company expects to have 80% of all stores converted by the end of the year. Additionally, it is completing the rollout of its newest menu item, Oven-Roasted Chicken. The item is available in two sizes: a quarter chicken for $2.79, and a half chicken for $3.79. Both choices are served with salad and a biscuit. The chain is also testing a barbecued pork ribs item in various markets.

Harry Klapheke, marketing director for Lee's Famous Recipe, attributes the chain's favorable results to strong operations and a clear direction—a reflection of parent company Shoney's highly regarded philosophy. "We're an operations-driven company," he explains. "We're not market-driven. We know who we are, and we run a lean, mean shop here. That's been the key to our success."

While 1988 was not a "terrific" year for Lewisville, TX-based Grandy's, according to Bob Lee, vice president of marketing, sales have strengthened considerably during the first half of 1989. One reason is the chain's continued aggressive marketing stance in the depressed "Oil Belt" states.

"The darkest days are now behind us," Lee says. "When sales got soft, we remained aggressive with our advertising and promotion programs. This year

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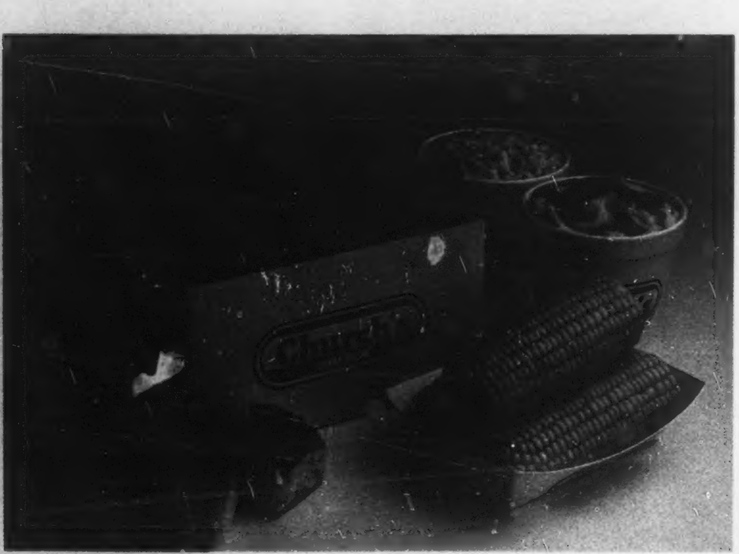
Grandy's adds value to the dining experience with its "Grannies," who attend to customers' needs.



Church's plans to broaden its menu with a new biscuit product and french fries.

we're seeing an improving trend and more growth." Systemwide sales for 1988 totaled $184 million, up about 1% from the previous year's figure of $182 million.

With 205 units open in the U.S., Grandy's—which was purchased by Anwar Soliman's American Restaurant Group in 1987—is planning to step up growth both here and abroad. By the end of the year, 20 new company-owned and franchised stores are expected to open in the U.S. Moreover, the company recently signed a master franchise agreement with MBfI Australia Limited to open 250 Grandy's over the next 10 years in Australia, New Zealand, and Papua, New Guinea. The company previously had signed with the MBfI Group to open Grandy's in Thailand, Indonesia, and Singapore. By the end of the year, 60 restaurants are expected to be in operation in Malaysia.

Grandy's has actively been adding new menu items during the past couple of years, says Lee. In 1988, a chicken sandwich and country-fried steak—both priced at $2.49—were added to the menu. The average per-person check is $4.65.

CHARBROILED GOLD. Although El Pollo Loco's chief competitor, El Pollo Asado, is moving into a different segment, the La Mirada, CA, company still sees gold in the Mexican-style charbroiled chicken niche. "We're still very optimistic," says Bernard Scott, vice president and general manager.

To boost check averages, though, El Pollo Loco—which is owned by TW Services in New York City—rolled out side salads for $1.15 earlier this year, and sales have been healthy, according to Scott. The chain also plans to roll out a chicken sandwich and a frozen pineapple-flavored dessert whip.

With 162 stores open in California, Arizona, New Mexico, Florida, and Texas, El Pollo Loco is looking to expand methodically into other areas. The company intends to slow expansion slightly, however.

As a result, El Pollo Loco plans to open about 55 units a year—25 company-owned and 30 franchised. The company, which currently has six franchised units in Japan, is also planning

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POPEYES' PLANS CALL FOR THE CLOSING OF BETWEEN 150 AND 175 UNDERPERFORMING CHURCH'S UNITS.

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CHARBROILED CHICKEN HAS PROVED SO POPULAR THAT FRIED CHICKEN CHAINS ARE ALL TESTING A NONFRIED PRODUCT

for more international growth. But, again, caution is the watchword. "We want to be aggressive," says Scott, "but we also need to remain solid and not outpace ourselves."

REGIONAL STRENGTH. Other chicken chains have also found that rapid national expansion is not always the best method for building a solid foundation. The goal of Lombard, Ill.-based Brown's Chicken is simply "to become a strong regional," according to president Frank Portillo.

The company has operated predominantly in the Chicago area since its founding by John Brown in 1949. Expansion during the 1950s and 1960s convinced Brown to test the waters elsewhere. "We went a little too fast and with absentee owners," Portillo recalls.

As a result, Brown's decided to buy back about 20 units from its franchisees in 1984, a move that drained the company's finances for a while. Today, however, Brown's has begun to rebound. With about 150 stores operating in the Chicago area, other parts of Illinois, parts of Indiana, and Florida's Broward county, Brown's generated systemwide sales of $81 million in 1988. Portillo is generally optimistic about the chain's prospects for 1989. After experiencing three flat years in a row, he expects sales to rise to $90 million by the end of the year. He anticipates that the average unit volume will increase from $600,000 to as high as $650,000, as well.

Expansion plans call for the addition of eight to 10 stores by the end of 1989. While the company plans to extend its reach into southern Wisconsin, most of the new stores will be opening in

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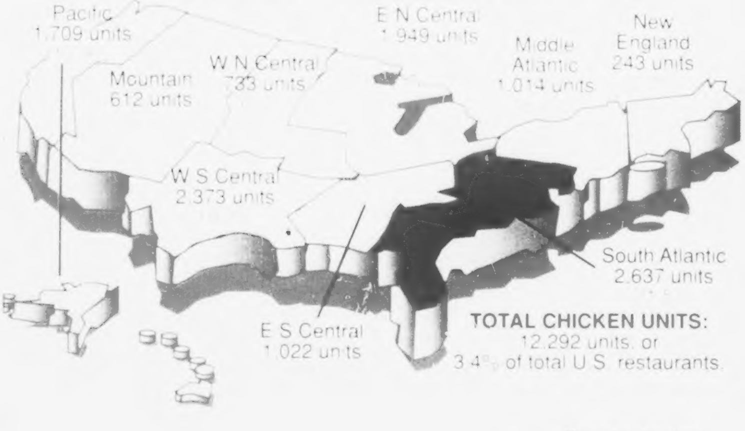
CHICKEN FLIES SOUTH

Distribution of Chicken units by U.S. Census Regions


Pacific
1,709 units
E.N. Central
1,949 units
Middle
Atlantic
1,014 units
New
England
243 units
W.N. Central
733 units
Mountain
612 units
W.S. Central
2,373 units
South Atlantic
2,637 units
E.S. Central
1,022 units
TOTAL CHICKEN UNITS:
12,292 units, or
3.4% of total U.S. restaurants.

The charbroiled chain El Pollo Asado is repositioning itself to become more of a Mexican concept.

Broward county. "But now we're just looking to expand with smaller franchisees who just want to operate up to five stores," Portillo says. Brown's is also pursuing a more vigorous lunchtime trade by increasing the number of chicken sandwiches available.

Another chain that is comfortable with its regional market niche is the Richmond, VA-based Golden Skillet International Inc. Owned by International Dairy Queen, the company operates the majority of its 78 restaurants in Virginia and North Carolina; about 20 units are located in Puerto Rico.

While the average unit volume increased about 2.5% to $350,000 in 1988, systemwide sales remained flat at about $24 million. Vice president Banks Buchanan attributes this to the closing of some underperforming units.

Although the majority of Golden Skillet's business is take-out, restaurants can offer seating for up to 112 persons. A new renovation program, entitled Operation Uplift, is underway.

While the chains continue to slug it out among themselves for market share in the chicken segment, some independents are thriving. R.D. Clucker's, which is an upscale dining concept with two restaurants in the Chicago area, could gross up to $5 million this year—90% of which is generated by sales of chicken dishes.

PRIVATELY HELD, NON-FRANCHISED CHICK-FIL-A ENJOYED A DOUBLE-DIGIT SALES INCREASE LAST YEAR.

Owned by Reed Merdinger, R.D. Clucker's operates a 180-seat restaurant in Wheeling, IL, and a 90-seat restaurant in Chicago. The two restaurants specialize in Mexican-style charbroiled chicken. Other dishes include chicken chili, a chicken cassoulet, chicken in a pot, and curried chicken salad. The signature charbroiled chicken is available with a choice of sauces, including an Italian pesto sauce, a salsa, and a honey-chutney-curry sauce.

The average per-person check at lunch is about $9, while dinner is closer to $12. While the Wheeling property does little carry-out business, off-prem-

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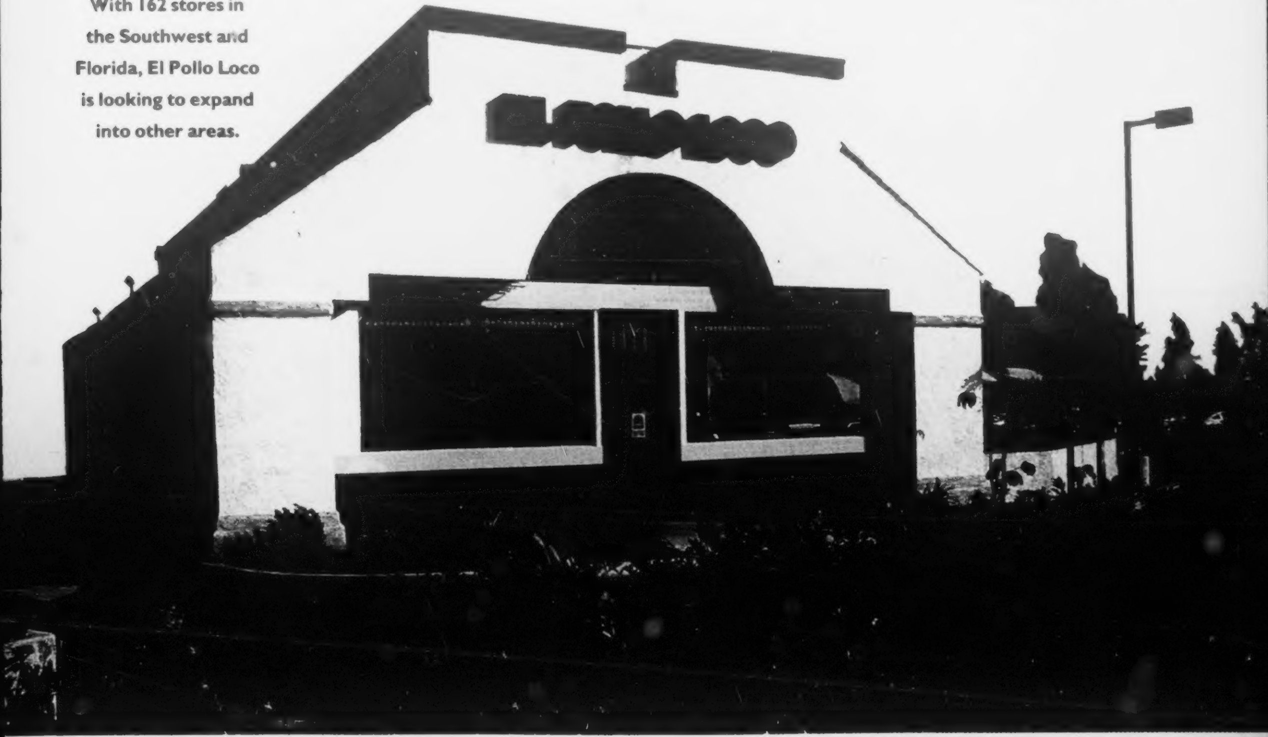
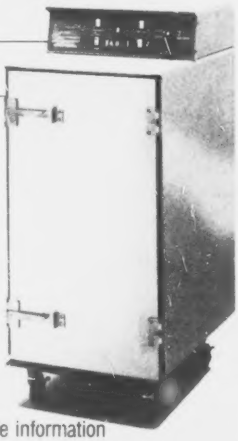


With 162 stores in the Southwest and Florida, El Pollo Loco is looking to expand into other areas.



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ise sales at the Chicago restaurant account for 30% of total sales.

FUTURE PROSPECTS. In the meantime, the near future is almost certain to bring more upheaval to the chicken segment. With nonsegment chains such as McDonald's and Hardee's rolling out new chicken sandwiches with much promotional fanfare, it is likely that chicken sales within the industry should, at least for the short term, be booming.

Furthermore, to help combat those incursions, the larger chains—notably Kentucky Fried Chicken—will probably be bringing their considerable financial muscle to bear in their own product rollouts and national advertising campaigns.

For the smaller chicken chains without a solid, regional identity or signature product, the future is less bright. Squeezed between the large burger and chicken chains, it is likely that the struggle to remain solvent will only become more difficult.

TOP FIVE CHICKEN CHAINS

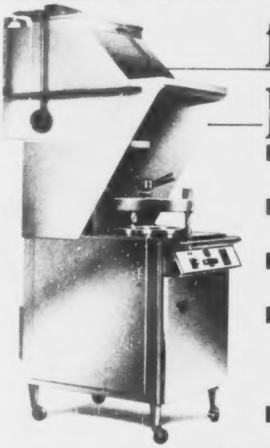
Kentucky Fried Chicken
(PepsiCo Inc.) Louisville, KY
1988 Systemwide Sales: $4.9 billion
1988 Units: 7,751

Church's Fried Chicken
(A. Copeland Enterprises) San Antonio, TX
1988 Systemwide Sales: $450 million
1988 Units: 1,368

Popeyes Famous Fried Chicken & Biscuits
(A. Copeland Enterprises) Jefferson, LA
1988 Systemwide Sales: $485 million
1988 Units:720

Chick-fil-A
Atlanta, GA
1988 Systemwide Sales: $232.2 million
1988 Units: 386

Grandy's
(American Restaurant Group) Lewisville, TX
1988 Systemwide Sales: $184 million
1988 Units: 199



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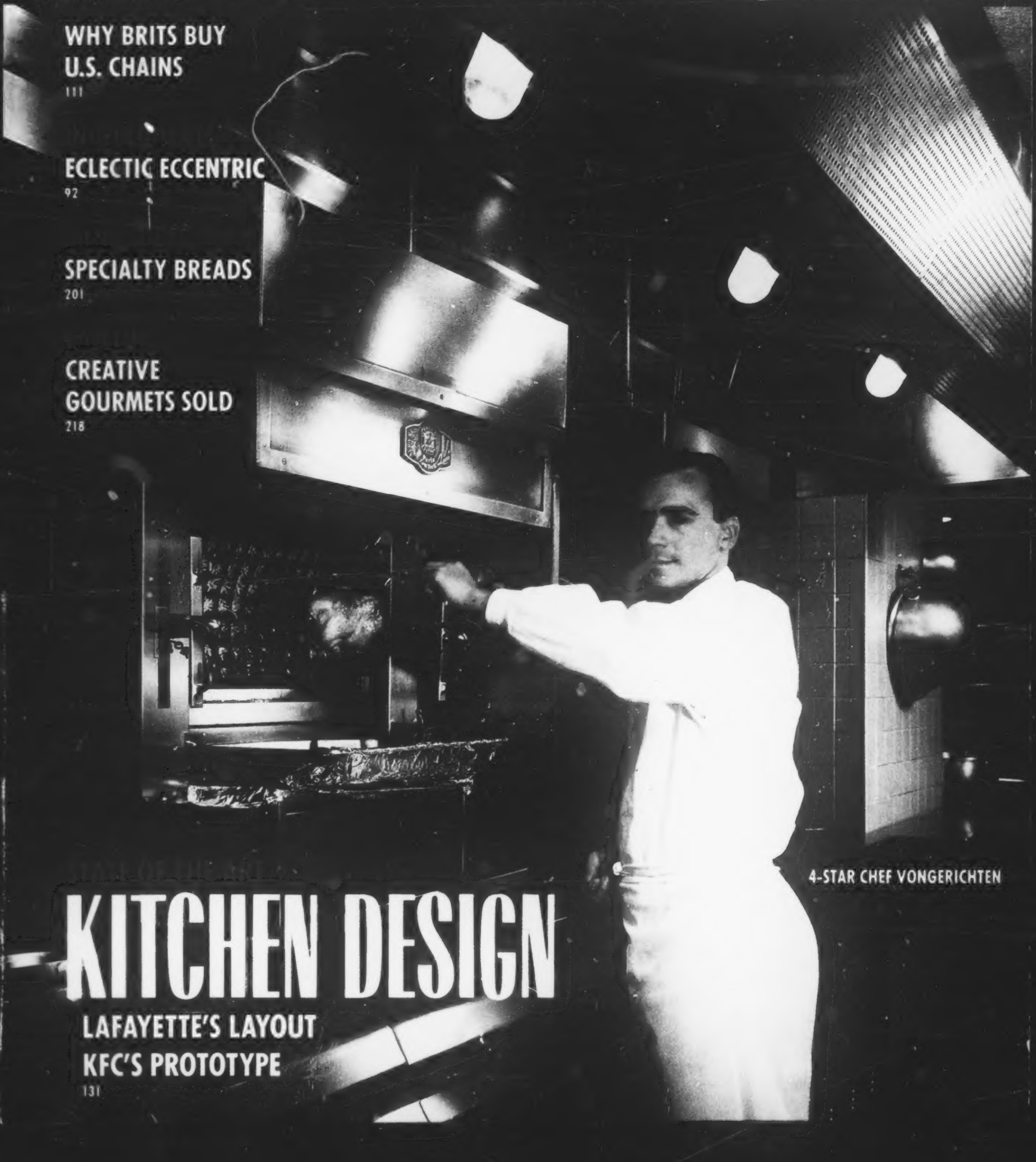
Restaurant Business

A BILL PUBLICATION

AUGUST 10, 1989



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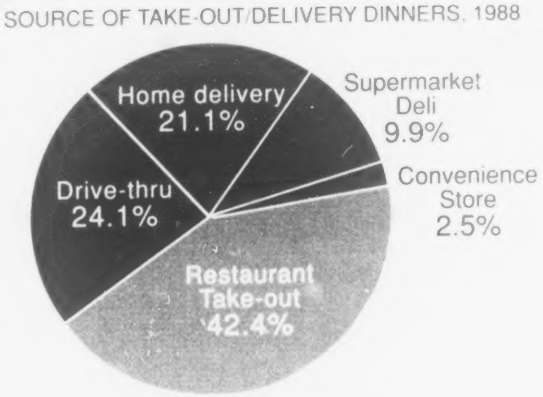
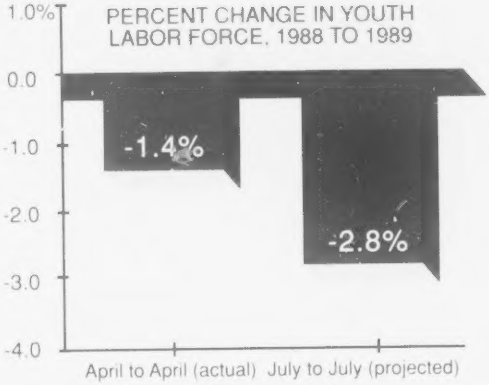


Take-out takes off

Restaurant take-out accounts for the largest share of dinner-meal occasions prepared away from home but consumed at home among consumers aged 25 to 54, a Technomic Inc. survey shows. Drive-thru and home delivery each represent just over 20% of take-out/delivery dinner-meal occasions, while supermarket delis and convenience stores represent 9.9% and 2.5%, respectively, of take-out/ delivery- dinner-meal occasions. Technomic predicts that the home delivery market will increase its share of the take-out/delivery dinner-meal occasion market as pizza continues to show strong growth and other restaurants begin to offer delivery.

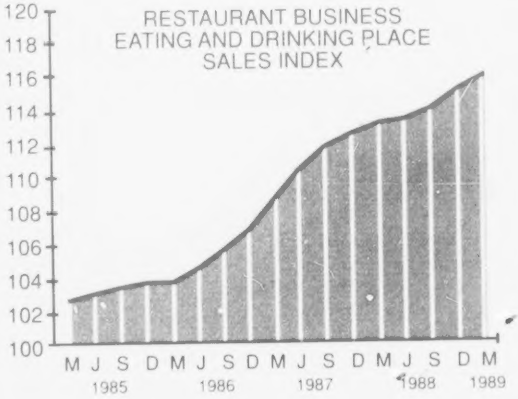
SOURCE: Technomic Inc.



Heat's On Labor

The 16-to-24-year-old labor force, which expands sharply every summer, is expected to reach 24.6 million this July—about 700,000 below last summer's level, according to the Bureau of Labor Statistics of the U.S. Department of Labor. The decline stems primarily from a continued drop in the 16-to-24-year-old population. To foodservice operators, this data only underscores the tight labor market and lack of qualified employees that many have experienced. According to Technomic, operators will continue to pursue nontraditional groups of employees, such as the elderly and handicapped.

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor



EDPS Index Healthy

The Restaurant Business Eating and Drinking Place Sales (EDPS) index shows retail sales trends adjusted for seasonality and inflation through a 12-month moving average. The base year for both sales and prices is the average of 1982-1984 (that is, 1982-1984 equals 100). The March 1989 index of 115.7 indicates that EDPS, in real terms, are up 15.7% for the year ending in March versus the average annual sales from 1982 through 1984. The index has jumped nearly two points in the last six months. Underlying the index's recent growth has been stronger-than-expected growth in employment (3.5%) and disposable personal income (4.7%) over the last six months. Fast food has been the primary recipient of increased real sales, while midscale and upscale operators continue to battle for real sales increases.

SOURCE: Technomic Inc.

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Cover photograph by Nancy Scariati.

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Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Ave., New York, NY 10017.*

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FOUR SEASONS

In conjunction with the fall meeting of the Hotel Forum, *RB* will feature a look at how this international upscale hotel company's food and beverage is adapting to the myriad challenges of a tough marketplace. While the competition for the business traveler has gotten tighter, Four Seasons has managed to successfully transform a hodgepodge of hotels into a luxury chain.

MARKET SEGMENT REPORT

TAKE-OUT & DRIVE-THRU

The off-premise segment of the foodservice industry continues to offer solid prospects for expansion and profits. *RB* will survey the trends in the off-premise segment—which includes delivery, take-out, and drive-thru—and provide the latest data on the market and its potential.

MENU IDEAS

POULTRY

Chicken, duck, and turkey are versatile, economical items on any menu: Duck is no longer an expensive, upscale item; turkey can be menued year-round; and chicken continues to benefit from healthy-dining trends. These recipes and tips from the *RB* Test Kitchen will focus on effective menuing and merchandising.

DRAFTS

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A BILL PUBLICATION

SEPTEMBER 1, 1989

Rich Harvest

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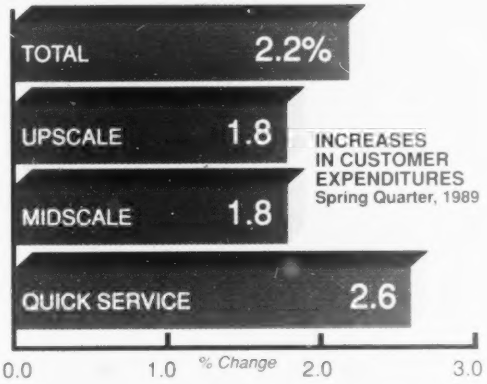
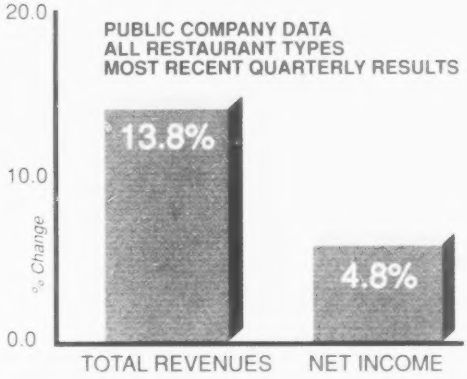


A Sluggish Spring

According to preliminary figures released by the CREST service of NPD Research, total customer expenditure increases for the spring quarter were up 2.2% over the year-ago period. This is down from the 5.0% year-to-year increase in the winter quarter.

The spring quarter increase was constrained by the midscale and upscale segments, in which expenditures increased only 1.8%. The relatively sluggish performance of all segments can be attributed, to a great extent, to decreases in customer traffic at quick-service and midscale restaurants and operators' decreased ability to pass along price increases to customers.

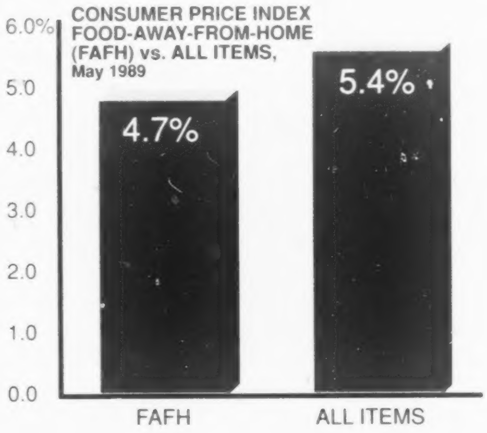
SOURCE: CREST Service of NPD Research



McD Tilts The Scale

The 88 publicly held restaurant companies tracked by Technomic Inc. show a double-digit increase in average revenue growth (13.8%). In contrast, net income grew only 4.8% over the same quarter last year. Midscale and upscale operators posted net income decreases of 8.8% and 12%, respectively.
Large profit increases from diversified companies (like TW Services and General Mills) and McDonald's were able to overcome these decreases to produce overall growth for publicly held restaurants. In fact, if McDonald's is excluded from the report, net income for the remaining 87 companies decreases 1.0%.

SOURCE: Company Quarterly Reports and Technomic Inc.



Slow Rise In FAFH

The Consumer Price Index (CPI) released by the Department of Commerce shows that Food Away From Home (FAFH) rose 4.7% in May 1989 as compared with the same month last year. This trails the 5.4% rise in the CPI for All Items (all goods and services that people buy for day-to-day living). The higher change in CPI for All Items can be attributed to a 9.8% jump in energy, a 7.3% rise in both medical care and transportation, and an 8.1% rise in Food At Home in May. FAFH's lower percent change may be attributed to the reluctance to increase prices in a competitive market. While a lower rate of inflation in FAFH is refreshing, it still has experienced a greater rate over the past five years, climbing 2.9 points above the CPI for All Items.

SOURCE: U.S. Department of Commerce

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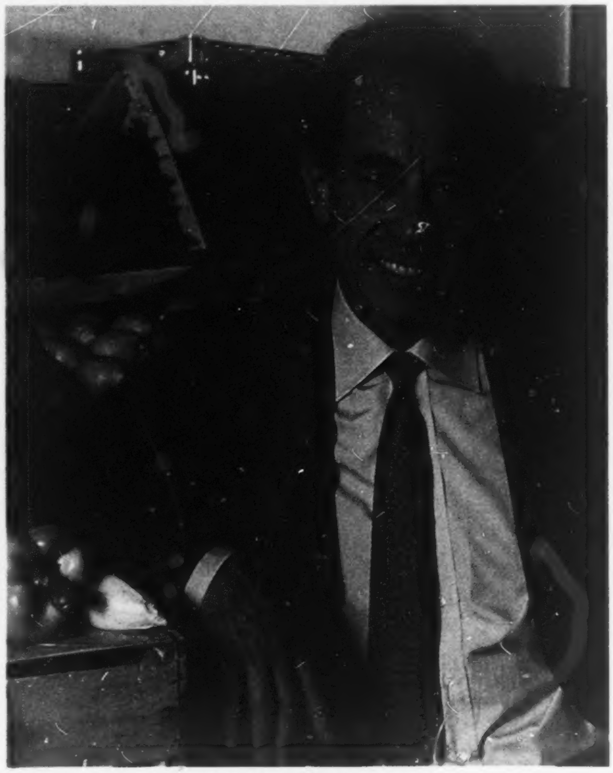

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MENU IDEAS - POULTRY. *No food category addresses the trend of simple but entertaining fare better than poultry. It can be prepared in dishes ranging from traditional to exotic, in appetizers, salads, or main dishes. Chicken, turkey, duck, and domesticated game birds lend themselves especially well to hearty and uncomplicated grilling, frying, and roasting* **173**

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HUMAN RESOURCES BRIDGING THE GAP. *The labor shortage will be the most difficult challenge the industry faces in the coming decade. Today's foodservice industry leader must tap into the minority labor pool and take steps to attract new workers* **86**

FOR INDEPENDENTS AQUAVIT. *Nordic talents in architecture, cuisine, and finance have combined to create an authentic Scandinavian outpost in New York* **108**

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Cover photograph by Nancy Scariati

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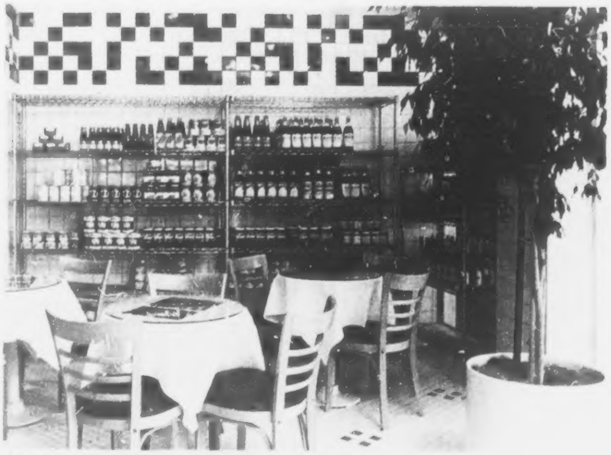

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Our exclusive segment and market-by-market data represents the only package of its kind in the industry, and is requested by hundreds of readers, executives, marketers, consultants, and members of the press. Technomic Inc. will provide current and five-year projected sales and purchase figures for the eight major market segments (separate eating and drinking places, hotel/motel, retail, health care, student, B&I, transportation, and leisure), accompanied by trend pieces on each segment. In addition, we will publish exclusive Regional, MSA, and ADI summaries from *Sales & Marketing Management*, and rankings of all U.S. markets—by populations, sales, EBI, and other criteria.

MENU IDEAS

POTATO CLASSICS

Potatoes can be elegant or earthy, American or international. They are also profitable and versatile for the operator, and appealing to the customer. A wide range of potato "classics"—from old-fashioned O'Brien potatoes to contemporary stuffed potato entrees—will illustrate how spuds can be dressed up or down to make a profit for the operator.

DRAFTS

REGIONAL AND SPECIALTY BREWS

"Boutique" beers and exotic imports are all the rage among adventurous, upscale drinkers. This article features tips on how to select and merchandise a wide range of specialty beers.

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TAKE-OUT AND DRIVE-THRU

MARKET SEGMENT REPORT

THROUGHOUT THE INDUSTRY, foodservice operators are singing the praises of take-out and delivery. In some cases, take-out business can mean the difference between success and failure, red ink and black.

"Our eat-in traffic is off," says Julia Middlebrook, owner of The Chateau in Waltham, MA. "Take-out is what's really giving us additional business right now." Middlebrook reports that, over the past two years, take-out has increased from 10% to 15% of the restaurant's $6 million annual sales.

Forty-five percent of all restaurants are now preparing food for off-premise consumption, according to CREST, a service of NPD Research in Park Ridge, IL. Take-out dining occasions have grown 40% per capita over the past five years, while restaurant dining frequency has remained flat.

Quick-service properties have responded the most aggressively of any segment: 61% now offer take-out food, compared to 15% in the midscale segment and 7% of upscale restaurants. Noncommercial operators are feeling the competition and starting programs of their own.

"All the operators talk about is take-out and delivery," says Jim Degan, head of Santa Barbara, CA-based James M. Degan Inc., a foodservice consulting group. Degan conducts focus groups for various segments of the industry. Says Degan, "From every segment and price point, they all are interested in tapping into this market."

Feeding this new trend are innovations in packaging foods to go. Entrepreneurs are discovering new ways to order and deliver food, such as "menu

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About 45% of all commercial restaurants are now offering a variety of prepared foods for off-premise consumption.

At Chin-Chin restaurants, take-out now accounts for at least 25% of sales.

By Kevin Farrell

In Florida, Hop Too's offers delivery of upscale Chinese food cooked to order. The average check is $12.50.

HOP TOO'S
Great Chinese Food...Delivered.
MIAMI-

magazines," fax machines, and delivery services.

EQUIPMENT AND PACKAGING. In addition to consumer demand, Degan points to innovations in packaging and equipment as factors contributing to off-premise dining. "There are holding cabinets today that weren't available as little as two years ago," he says.

Packaging is a major factor in the take-out equation. Many establishments work with paper companies to design innovative and attractive packaging. At a recent meeting of the Society for the Advancement of Foodservice Research, an industry trade group for research and development professionals, a large portion of the two-day program on take-out was concerned specifically with take-out packaging. "This is the direction operators want to be going, and they need help in exploring packaging operational aspects," says Phillip Cooke, executive vice president of the society.

Bob Mandler, owner of four Chin-Chin restaurants in the Los Angeles area, reports that take-out sales are increasing rapidly at his locations. When he opened in 1983, Mandler thought that retail products would be the big sellers. Since then he has gradually reduced retail products and increased take-out food. Take-out now accounts for at least 25% of sales; in some locations, it garners 40%.

The newest Chin-Chin, in Marina del Ray, was designed specifically to accommodate a large volume of take-out business. "Today, I have to say that take-out offers the greatest opportunity," Mandler says.

There are several approaches to designing take-out programs. Some operators offer take-out as an additional service; customers order from the regular menus. Others have developed menus specifically for take-out and delivery; the advantage is that some foods transport better than others. (For more details on this subject, see "Menu Ideas," July 20, 1989.)

Some entrepreneurs have conceived take-out-and-delivery-only operations. The elimination of seating decreases construction, real estate, and labor costs. Some chains have created satellite systems to deal with take-out and delivery; a full-service restaurant can spawn a number of take-out-only units.

FAST FOOD. Fast-food chains have long been battling in the take-out arena. In this segment, this lucrative market can account for 60% of sales.

The battle is particularly hot in California, with its 20 million drivers and 13 million cars. "People virtually live in their cars in California and in most of the markets we operate in," says Jack Goodall, chairman and CEO of Foodmaker, the parent company of San Diego-based Jack In The Box. Jack In The Box has about 1,000 fast-food restaurants in nine western states.

"We have designed products expressly for take-out," says Goodall. "We build portability into our products. We make them as user-friendly as possible, so people can eat in their cars."

Jack In The Box's fajita pita sandwiches are a good example. Chicken fajitas and beef fajitas are served with cheese, lettuce, and onions in easy-to-hold pita bread pockets. The chicken and beef pitas accounted for $80 million of 1988 sales. The company recently extended the line with a scrambled egg pocket sandwich.

Leann Chin's Chinese Cuisine is focusing on take-out. "This is what people want," says vice president Laura Chin. She says that take-out accounts for 50% of sales at the 12 units. Nine of the units are take-out-and-delivery-only. In the other three units, a separate area has been added to accommodate take-out.

But the battle for take-out dollars has

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moved into the midscale and—especially over the last few years—into the upscale market segments. Many of the food, delivery, and packaging innovations are occurring in the upscale end of the marketplace.

Chef Ryo Sato, owner of Chez Sato in Arcadia, CA, and Chez François in Los Angeles, now offers his customers take-out fare in picnic baskets. "My customers made it clear that they wanted something like this," he says.

Many of his customers at his downtown location, Chez François, pick up the picnic baskets after work, on their way to events at the Hollywood Bowl or other outdoor venues. There are six baskets with different products available for purchase. Prices range from $20 to $26 per person.

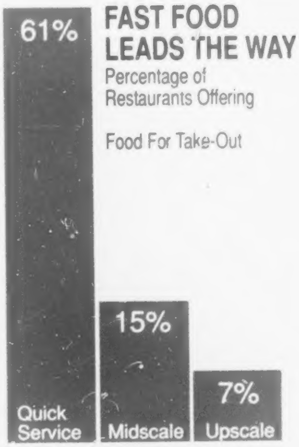
In Arcadia, Sato offers similar baskets, but at prices that are more in line with that market. from $13 to $20. Sato reports selling 60 to 70 baskets a day. Very little extra prep work is needed so labor costs are relatively low compared to the additional sales garnered.

Sato also operates the executive dining room at the ARCO building in downtown Los Angeles. There, many of the executives purchase the picnic baskets to take home so family members won't have to cook. "Some customers use it as a special-occasion treat," reports Sato.

Sales of the baskets have not only improved profits but have also increased the restaurants' visibility. "The baskets are free advertising," Sato says. Table tents and POS signage market the service to restaurant patrons. A direct-mail piece was also circulated prior to the Hollywood Bowl event season.

CAFETERIAS. In the highly competitive cafeteria market segment, Morrison's and Luby's are gaining add-on sales with take-out.

Mobile, AL-based Morrison's has 30 separate take-out operations in its restaurants. According to Richard McGeoch, senior vice president for Morrison's, take-out now accounts for 10% to 20% of total sales of $829 million. Morrison's is considering opening more take-out windows. It also has one freestanding, take-out-only store in operation. The 123-unit chain is considering expanding its test of the freestanding, limited-menu take-out unit.



FAST FOOD LEADS THE WAY
Percentage of Restaurants Offering Food For Take-Out

SOURCE: CREST, NPD RESEARCH

Luby's has remodeled some of its cafeterias to create separate entrances for take-out customers to place and pick up orders. One unit in Luby's San Antonio headquarters has a drive-thru.

"Our new units will be built with the separate take-out entrance, and most older stores will be remodeled to accommodate it," says Bill Robson of Luby's. "This is too lucrative to ignore. All the data indicates that this is the fastest growing part of the industry."

Luby's also accepts orders that are phoned in for pick-up. The chain is considering the use of fax machines for ordering. "We're not ruling anything out," says Robson.

OFFICE SUPPLIES. Chicago-based Levy Restaurant Group, operator of 27 restaurants, is also tapping into the take-out trend. One of its successful endeavors is Eadie's Kitchen and Market, located in Chicago's Sears Tower.

Eadie's has no seating, so "everything we serve is going somewhere else," says Levy's executive chef Jim Blake. Last year, Eadie's sales topped $1.3 million, despite the fact that it is only open from 6:30 a.m. to 3:00 p.m. At breakfast, the average check is $2. At lunch, it rises to $5.50. According to Blake, Eadie's daily traffic count is nearly 4,000.

Various kiosks each offer a different kind of food. Oriental food, pastas, a bakery, salad bars, deli, and grilled items all compete for consumer interest. The biggest-selling item is a grilled chicken sandwich.

In addition to the kiosk food, hot food is sold from carts in the halls of Sears Tower. "These carts are relatively new, but we've found that they really do the job," says Blake. "We may expand and put in more."

However, "Selling packaged food to go at night does not work at Eadie's," reports Blake. Precooked dinners were offered to departing commuters, without success. "The food was good, but people didn't want to carry it home on the trains," says Blake. "They would rather buy it in their home neighborhoods."

Most restaurateurs acknowledge that ease of service is really the key to success. "I have tried to make it as easy as possible for people to buy our products," says Michael Del Monaco, presi-

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Take-out food sales have grown about 40% per capita in just the past five years; in the meantime, on-premise traffic has remained flat.

dent of Florentine Italian Foods Inc. of San Jose, CA. Del Monaco owns 13 restaurants; five of them are pasta take-out stands. At these stands, pastas and sauces are ready to eat or are available for reheating. "There is an incredible market for this service, at least in this area," says Del Monaco.

UNIQUENESS SELLS. Paella Plus in Austin, TX, specializes in the Spanish rice-and-seafood dish that it's named for. Entrepreneurs Brigitte de Roch and Michael Niland require 24 hours' notice to prepare the dish. Enough paella for two people is priced at $32; a four-person portion is $48.

"We have been amazed at how people have gone for this," Niland says. "They want a special treat, and they want it to be easy and of high quality."

A busy weekend night can bring orders for 40 to 50 dishes, but Niland says demand is difficult to predict. "Once we start peeling shrimp, we might just as well peel 1,000 as 100," he says. "But it is a real juggling act to do our purchasing and hire labor."

Another entrepreneur trying to create a niche is Chuck Miller, a former executive with Taco Bell. His creation, Hop Too's, offers upscale Chinese food cooked to order. Hop Too's Inc., based in Pompano Beach, FL, has seven units open in Florida and Massachusetts.

"We use no steam tables or spices designed to 'enhance' flavor," says Miller. "In this way, we attract two types of customers—people who want food fast, and people who are interested in quality Chinese food."

Miller calls his take-out-and-delivery-only units "food factories." The units require only 900 to 1,000 sq. ft. The average check is $12.50. Delivery is the key, with 90% of all orders delivered within 30 minutes.

Marketing take-out and delivery has also seen some innovations. *L.A. Delivers* is a magazine that contains only delivery advertisements. About 60% of its pages are taken up with restaurant advertising and menu reprints. Founder Leigh Fortier publishes three—soon to be four—editions of the magazine throughout the sprawling Los Angeles basin. One edition focuses on the city's west side, one on downtown L.A., one on the valleys north of the city; the newest will be for the beach cities along the western coast.

Special delivery services that offer food from several different restaurants have recently sprung up in major metropolitan areas.

Mobile, AL-based Morrison's has 30 separate take-out operations in its restaurants. Take-out now accounts for 10% to 20% of total sales.

Restaurateurs usually print entire menus as advertising, and it is easy for consumers to select a dining-out alternative from the menus. Maps delineate delivery areas.

In Boston, there is a similar publication, entitled *Boston Delivers.* But only 40% of the advertising space is purchased by restaurants. "There are fewer restaurants delivering in Boston than in Los Angeles," says publisher Evan Moltz of Direct Media Publications Inc. The 35,000-circulation Boston edition will soon be joined by Brookline and Cambridge editions.

FAX FACTS. Food ordering by fax machine might be the hottest growth area. There are now over two million fax machines operating in the U.S.

Ordering by fax eliminates misunderstandings with orders, and facilitates speed and accuracy. "It has revolutionized our business, enabling us to put out more food faster than ever before," says Abe Lebewohl, owner of New York City's Second Avenue Ko-

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sher Deli and Restaurant.

The deli's fax machines start up at 9:30 a.m. and don't stop until closing time. "I don't have people on the phone all the time. My employees spend their time preparing and delivering food, not trying to take orders on the phone," says Lebewohl. Take-out is responsible for about 30% of his restaurant's $3 million in sales.

NEW SERVICE. Another innovation is the advent of delivery services, which deliver full-course meals from established restaurants for a nominal delivery fee. Services in New York, Boston, Seattle, New Orleans, Los Angeles, San Francisco, and Chicago all report varying degrees of success with the concept. Generally, the delivery services operate under contract with restaurants. Patrons order from the regular menus provided by the contracted restaurants, which provide dishes to the delivery services at a lower cost.

"Our profit is in the middle," says Bruce Dudley of Boston's Dining-In Inc. The company gets the markup from the item and a delivery fee of $3 to $5 per stop.

"For consumers, the beauty of the service is that a party of four can order from four different restaurants," says Brian Keil of Chicago's Room Service Delivers Inc. "We deliver from 12 of Chicago's hottest restaurants." Restaurants include Shaw's Crab House, Hat Dance, Bistro 110, and Ditka's.

The average check is about $37 per delivery. Chicago's Room Service Delivers has a number of radio-dispatched, eye-catching vans that deliver the food. "They are our best marketing tools," Keil says.

"People can get just about anything they want from us, and we deliver to a wide geographical area," he adds. Food is kept hot during travel time and the tuxedo-clad drivers sometimes finish preparing the food on the way.

NONCOMMERCIAL. While the commercial segment is clearly focusing on take-out and delivery, the noncommercial segment is also jumping on the bandwagon.

One such operator is Nick Spanelli, who runs the foodservice operations for First Wisconsin National Bank in Milwaukee. The operation offers breakfast and lunch service like most noncommercial feeders. But, at 3 p.m., the operation offers take-home entrees.

A monthly menu is published that lists two daily specials plus six to eight regular entrees. The innovation now represents about 15% of the operation's annual sales, according to Spanelli. "We were told to become a profitable operation, after being subsidized in the past," he says.

"And it is the take-out business that has made the difference for us. It generated $250,000 last year. You have to keep one foot in the commercial market to be successful."

Consumers who are used to getting fast, quality food are now spending more time at home, and they want the same high quality they came to expect from restaurants. The take-out and delivery rush is still going strong, and will continue to be a major vehicle for boosting sales. ■

Chef Ryo Sato, owner of Chez Sato and Chez François, with a customer who is picking up one of Sato's popular take-out picnic baskets.

MENU IDEAS

Profitable Poultry

Serve spicy Buffalo drumsticks with blue-cheese dressing and cut vegetables for a low-cost menu item.

BY SCOTT ALLMENDINGER

There is no doubt that the major restaurant trend of the late '80s and early '90s is the movement towards simple but entertaining fare, quickly prepared and offered in casual surroundings at popular prices. No food category dovetails with this trend better than poultry, which can be prepared in dishes ranging from traditional to exotic, and served up as appetizers, salads, or main courses. Chicken, turkey, duck, and domesticated game birds lend themselves especially well to hearty and uncomplicated grilling, frying, and roasting—today's cooking methods of choice.

Poultry has certainly taken off with the public. According to the USDA, chicken consumption will rise 4% in 1989, while turkey consumption will rise 3%. Consumption of red meat items, in comparison, continues to slide, and seafood remains a question mark (see chart on page 174). Eighty-eight percent of all restaurants now serve chicken (up from 81% in 1986), 51% serve turkey, and 14% serve duck, according to *Restaurant Business* research. To keep the trend going, the National Broiler Council, a Washington, DC-based trade organization, has tagged September as National Chicken Month.

VALUE PERCEPTION. Chicken and other poultry were reported to be the most profitable center-of-plate items in both our 1986 and 1988 surveys. In fact, the USDA attributes the rise in poultry consumption to good value perception, among other factors. "Clearly price is a big factor, especially with chicken," says

PHOTOGRAPHY BY DON KUSHNICK. FOODSTYLING BY KATHLEEN KENNY SANDERSON

MENU IDEAS

BUFFALO STICKS

Underutilized drumsticks star in this meatier version of popular spicy Buffalo wings (pictured on opening page)

- 10 lb. chicken drumsticks
- 1 cup hot pepper sauce
- ½ cup vinegar
- 8 oz. clarified butter
- Garnishes: blue-cheese dressing, celery sticks, scallion brushes, carrot sticks, cherry tomatoes, cauliflower or broccoli florets

1. Poach drumsticks in simmering water until cooked through. Drain well.

2. Combine hot pepper sauce, vinegar, and butter, and heat through.

3. Deep-fry drumsticks to order, toss with butter-sauce mixture. Serve on lettuce leaves in basket along with blue-cheese dressing and vegetable garnishes.

(Yield: approximately 40 drumsticks)

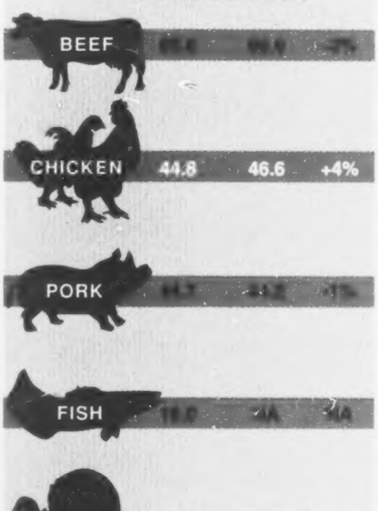
agricultural economist Judith Putnam. The operators we talked to, however, are unsure about price trends for the immediate future. Although the impact of last year's drought has tailed off, growing consumer demand for white meat chicken will probably continue to push the price up for breasts, already the most expensive cut. The rollout of whole-muscle chicken breast sandwiches by such industry titans as Oak Brook, IL-based McDonald's Corp. is also likely to shorten supplies until breeders can respond.

While acknowledging such concerns, Albert Zehnder, executive vice president of Zehnder's of Frankenmuth in Frankenmuth, MI, is optimistic. Zehnder and his staff dish up chicken to 75% of the 1 million guests who visit the establishment annually, or 11 tons of chicken per week. "We're paying 65¢ to 71¢ a pound for chicken now, as opposed to 45¢ to 52¢ two years ago," says Zehnder. "But even if the price goes to $2 a pound, we'll still sell it, because that's what people want and that's what we're known for."

AMERICAN STAPLE. Zehnder attributes chicken's popularity to the fact that it is "an American staple. People are comfortable ordering it because they know what they're going to get. Kids like chicken because it doesn't smell strong or look funny." Zehnder's "flagship meal" is the family chicken dinner, an all-you-can-eat meal of fried chicken with all the fixin's for $10.95. Homemade chicken soup starts off the dinner, and is followed by a salad course that includes cole slaw, cranberry relish, cottage cheese, and house cheese spread. Fixin's for the fried chicken entree include dressing, mashed potatoes, vegetable of the day, noodles with a buttered cracker crumb topping, and giblet gravy. Sautéed chicken livers or giblets are available for $1.75 extra.

The chickens used for the family dinners are 3¼- to 3½-lb. fryers that are parboiled, cooled, and cut into 10 pieces per bird (two drumsticks, two thighs, two wings, and four breast pieces). The cooled pieces are dipped in egg wash and a secret-formula dry breading before being deep fried in all-vegetable oil. The normal portion for an à la carte chicken meal is one wing, one white meat piece, and one dark meat piece. The family-style dinner portion begins with two pieces per person, but more is available on request. Four-pound "heavy hens" are boiled and picked for chicken salad meat; the cooking liquid is used for soup.

MEAT PRODUCT CONSUMPTION BY EDIBLE WEIGHT



SOURCE: USDA

* Projected

White meat is increasing in popularity, according to Zehnder. "The dark meat that doesn't get served goes into our dressing mixture." White meat mania also means that chicken-specialty restaurants must offer a variety of boneless chicken breast options, as well. "The whole area of chicken breasts has really gone nuts. We're expected to have them."

Zehnder's now offers a boneless chicken breast marinated in white wine and tarragon, topped with sautéed onions, avocado, tomatoes, mushrooms, and ripe olives. Eighteen months after its introduction, Chicken Francisco—which sells for $11.25—has become the third most popular item on the menu. Other boneless breast items include nuggets, charbroiled chicken sandwiches, and a grilled boneless chicken kabob special.

MCDONALD'S MOVE. Tom Meyer, corporate chef of Washington, DC-based Clyde's Inc., is also bracing for the impact McDonald's chicken sandwich will have on the chicken breast market. "I just bought 40,000 pounds the other day to protect myself," he says. Meyer will need all that chicken and more: A hot chicken salad featuring a grilled marinated 8-oz. breast with romaine, tomatoes, cucumbers, and feta cheese accounts for up to 20% of lunch covers at Clyde's Georgetown location.

"Hot chicken salad started off as a hot steak salad," says Meyer, "but the waiters—who order their own meals off the menu—started ordering it with chicken. I figured if the waiters liked it so much, they could sell a lot of it." Meyer uses bottled Italian dressing to marinate the chicken breasts, and dresses the $7.75 salad with a blend of mustard, oil, vinegar, shallots, anchovies, and lemon juice. Other white-hot sellers at Clyde's are chargrilled chicken breast sandwiches, with a choice of melted muenster or pepperoni, marinara, and mozzarella ($7.50), and spicy grilled chicken tenderloins with a cool ranch sauce ($5.50).

Meyer is not putting all his eggs into one basket, however. While boneless chicken breasts may be today's hot button, he believes there is tremendous potential for the entire poultry category, which represents approximately 30% of covers at all Clyde's restaurants.

THE GREATEST DEAL. "The greatest deal in the world is half a roast chicken," he says. "Duck is also a great value, and gives the kitchen a chance to be creative." One recent example of Meyer's creativity is a "duck pancake" special at the Old Ebbitt Grill, another Clyde's property. Meyer's purveyor gave him a reasonable price on duck-leg meat, which Meyer then marinated, battered, and fried, and served with a dipping sauce.

Like Zehnder, Meyer feels that the key to poultry's popularity is that people are more confident ordering it in high-volume, midprice restaurants. "It's much easier to achieve consistent quality on our level with a product that is always cooked well done. Steaks and fish are more difficult, and I think the public knows that."

Clyde's chicken offerings range from hickory-smoked barbecued chicken ($8.95) to chicken *samosas*, diced chicken with Napa cabbage, ginger, and scallions fried in a won ton wrapper and served with spicy sweet and sour sauce ($4.50). Meyer points out that best-selling poultry items are likely to be fun, casual fare rather than the stuffed Kiev and Florentine preparations of the past.

RULE OF THE ROOST. Casual, fun, and simply prepared chicken dishes seem to be the rule of the roost even in upscale properties. At 1789, Clyde's white-tablecloth restaurant, boned half chickens are braised in a simple country Provençale sauce or a spicy curry preparation.

At The Trellis in Williamsburg, VA, the summer menu includes a mixed grill of chicken legs and sausage with pan-fried potatoes and apples, and the Courtyard Cafe in New York City serves grilled lemon-marinated chicken with french fries.

Some fine-dining operators are taking advantage of the rotisserie—a fairly recent equipment introduction in this country—to prepare poultry items simply but perfectly. "I was skeptical of spending extra money on a piece of equipment that would only cook a basic roast chicken," says Bob Kinkead, chef/owner of Twenty-One Federal in Washington, DC. "But it gives you a phenomenal finished product: crispy outside and moist inside.

A • MENU • SAMPLER

The following is a list of restaurants around the country and various poultry items on their menus.

TWENTY-ONE FEDERAL
Washington, DC

THAI CHICKEN SALAD ***$16.00***
Served with chiles and spicy peanut dressing

SMOKED DUCK SALAD ***$17.00***
Served with rhubarb and warm goat cheese

GRILLED QUAIL ***$27.00***
Served with Virginia ham, foie gras, and Anna potato

CHEF ALLEN'S
North Miami Beach, FL

GRILLED DUCK BREAST ***$15.75***
Grilled medium, served with curried couscous, raisins, and pine nuts

CHICKEN BREAST ***$14.50***
Served with sun-dried bing cherries, brandy, and wild rice

SAN SIMEON
Dallas, TX

PAN-FRIED BOBWHITE QUAIL ***$8.75***
Granny Smith apple and wild rice salad with blackberry mustard dressing

PECAN-CRUSTED CHICKEN ***prix fixe***
Served with shoestring potatoes and honey-mustard sauce

KULETO'S
San Francisco, CA

PETTO DI POLLO ***$9.95***
Ricotta and herb-stuffed chicken breast, with roasted pepper sauce

MAXALUNA
Boca Raton, FL

SPIT-ROASTED HALF CHICKEN ***$14.25***
Served with lemon gremolata

OAK-GRILLED BABY HEN ***$15.75***
Served with sautéed escarole, pine nuts, raisins, olives, and sun-dried tomatoes

RAY'S BOATHOUSE
Seattle, WA

1/2 SMOKED CHICKEN ***$10.95***
½ Washington chicken, smoked over alder, served with Yakima Valley apple chutney

RED ROBIN INT'L.
Irvine, CA

CHICKEN MILANO ***$7.95***
Charbroiled chicken breast marinated in garlic, lemon, and butter. With fettuccine Alfredo, broccoli, artichoke hearts, and tomatoes

BAY TOWER ROOM
Boston, MA

HERBED ROASTED CHICKEN AND SAUTEED BREAST OF DUCK ***$22.00***
Served with leek and raspberry vinegar sauce

CHEZZ CHAZZ
Chicago, IL

CHICKEN POT PIE ***$8.95***
Phyllo pastry baked around chunks of chicken, colby cheese with mushrooms, onions, and roasted garlic cloves in a light cream sauce

PRAIRIE
Chicago, IL

GRILLED DUCK SALAD ***$11.00***
Sliced duck breast with marinated root vegetables and honey-thyme dressing

MALTESE GRILL
San Francisco, CA

ROAST GARLIC CHICKEN ***$9.95***
Half a lightly smoked chicken, stuffed with slivers of garlic and roasted on the rotisserie

Many of our customers, especially at lunch, like the option of having a simple meal that still has a knockout flavor."

Kinkead recommends cooking birds that weigh at least 2½ lb. on the rotisserie; smaller birds, such as squab, tend to overcook inside before the skin crisps outside. Larger poultry such as duck cook well, but he cautions that they may spit and flare up as the fat renders.

To prepare spit-roasted chicken, Kinkead first stuffs a roast garlic and fresh herb compound butter under the skin, then places carrots, onions, celery, and dried thyme in the cavity. To secure the birds on the spit, he lays them backbone to cavity before trussing. A 2½-lb. chicken will cook in 35 to 45 min. on the rotisserie, which produces a temperature hotter than an oven, but lower than a grill.

TALKING TURKEY. The hearty taste appeal of roast turkey is the cornerstone of the menu at Stuff 'N Turkey Inc., based in Pikesville, MD. The company currently has five units open in Florida and Maryland, and plans to open three more in 1989, including one in Plymouth, MA. Average unit volume is $500,000, and checks average $5.50. "Opening in Plymouth was a natural for us," says vice president Alan Morstein, "because it's Thanksgiving every day at our stores. Better yet, it's the day *after*, when you get to eat all those great sandwiches."

The highlight of Stuff 'N Turkey's post-Thanksgiving motif menu is Thanksgiving Dinner on a Sandwich ($4.95), which features roast turkey breast, stuffing, and cranberry sauce on a choice of breads such as marble rye, sunflower seed, sourdough, or oat bran. Other popular sandwiches are the Turkey Powerhouse, turkey breast, havarti cheese, honey mustard, lettuce, tomatoes, and alfalfa sprouts, and the Turkey Barbeque, an open-face sandwich with chunks of turkey, coleslaw, onion, green peppers, and barbecue sauce. "Sidekicks" include homemade whipped potatoes, stuffing, scalloped apples, and turkey soup du jour.

"The secret to our concept, which we call 'gourmet fast food,' is that people want simpler, more recognizable food," says Morstein. Simple, however, does not mean boring; cold salads range from Oriental turkey salad ($4.25), featuring shredded turkey breast, iceberg lettuce, toasted sesame seeds and almonds, scallions, and chow mein noodles, to a turkey pasta salad ($3.85) that teams turkey breast with rotini pasta, lettuce, tomatoes, and seasonal vegetables.

ALL THE TRIMMINGS. Stuff 'N Turkey purchases 16- to 18-lb. bone-in breasts and slow-roasts them overnight for use the next day. Morstein figures each breast yields approximately 7 lb. of usable meat, including the trimmings that go into barbecued and curried turkey items. Food cost at the units is projected at 31%, but may need to be adjusted if turkey breast prices increase. "Turkey is definitely more expensive now, but seems to be stabilizing," says Morstein.

The price/value of chicken has helped to subsidize the volatile cost of seafood for Plano, TX-based Bay Street seafood specialty restaurants. Marketing manager Karen Willison reports that the 8% chicken menu share has had a positive impact on Bay Street's food cost. In addition, she says, "Our seafood market research shows that seafood restaurants have to battle the image of being high-priced and lacking variety. I have no doubt that adding chicken to the menu has built customer traffic." The top-selling lunch item at Bay Street, in fact, is a blackened chicken breast sandwich. Blackened chicken is also a popular dinner entree, and a new sampler plate combines blackened chicken, chargrilled herb-marinated chicken, and lemon-sautéed chicken. In addition, blackened chicken fajitas currently in test in the Texas restaurants have been "home runs," according to Willison.

Additional recipes are available for free. For your convenience, we invite you to use the "Letter to the Editor" postcard in the back of the issue. Please label requests "Poultry."

THE • GAME • PLAN

Chef Michel Beaulne

Using local products and recipes grounded in regional heritage are two ways to market your menu. Poultry is a natural category to help tap into this trend. Readily raised chickens and wild game have long provided nearly every part of the world with an inexpensive food source, and encouraged traditions of eating fowl.

Updating tradition and using ingredients from the local larder is a way of life for Michel and Louise Beaulne, proprietors of L'Auberge Clémentine in Oka, Québec. Located 20 miles from Montreal, the 14-year-old restaurant occupies the house where Louise's grandmother Clé used to live. The cheeses, maple syrup, apples, potatoes, fiddleheads, and asparagus native to the area are the basis for Beaulne's creative cuisine, but it is the local game birds of which he is most proud.

Local farmers raise pheasant, quail, duck, and partridge for Beaulne; he says that people are responding to the quality of the farmed product by eating much more game than they used to. "Also, the guests like the hearty taste and the fact that it is a little bit different," he says. Signature dishes at Clémentine include quail breasts with wild garlic and apple brandy, pheasant breast in black currant sauce, squab with mushrooms and wild rice in a cabbage leaf, and the quail with cool sweet pepper sauce and apples (pictured on page 179). The recipe for the sweet pepper sauce is an adaptation of Michel's grandmother's pepper marmalade.

Beaulne recommends cooking dark-fleshed game birds such as squab and quail quickly—like a steak—so that they remain moist and tender. Tender duck breasts should also be cooked to medium doneness.

L'Auberge Clémentine has been named "Best Restaurant of 1988" by the ministry of agriculture, and Beaulne was recently honored as a visiting chef to the James Beard House in New York City.

NOTE

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Restaurant Business

A BILL PUBLICATION

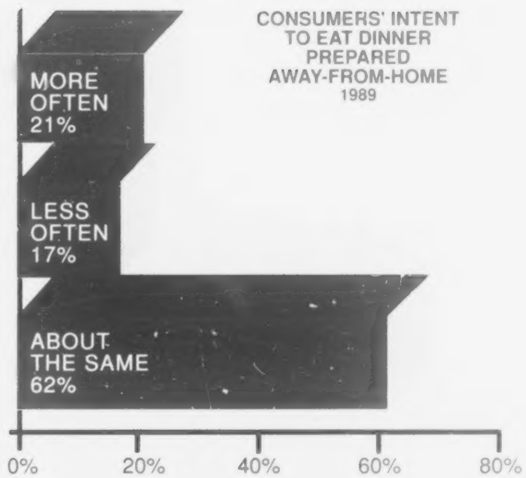
SEPTEMBER 20, 1989

RGI PINPOINTS U.S. HOT SPOTS

PAGE 77

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

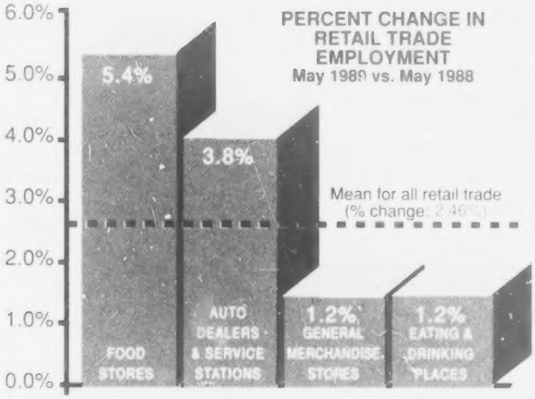


Good Intentions

Twenty-one percent of consumers polled by Technomic Inc. report that, by the year's end, they intend to have eaten dinner out more often in 1989 than they did in 1988. This compares to 17% who expect to have eaten dinner out less frequently than last year.

Although intent seldom correlates directly to actual behavior, the poll does indicate that the restaurant industry should see some increase in customer traffic counts.

SOURCE: Technomic Inc.

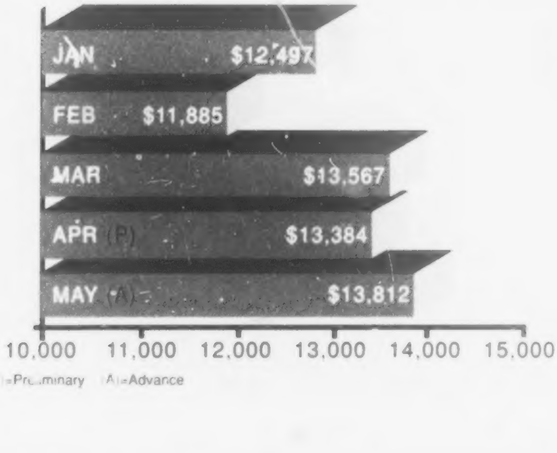


Lackluster Labor

Employment within Eating & Drinking Places rose to 6.460 million this May, up 1.2% over the 6.385 million in the year-ago period. Compared with the other major industries included within the retail trade segment—food stores, auto dealers and service stations, and general merchandise stores—the increase for Eating & Drinking Place employment was lackluster. This is due in part to the relatively weak sales performance of Eating & Drinking Place establishments during the second quarter of 1989, as well as the continuing labor shortage in many areas of the country.

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor

EATING AND DRINKING PLACE SALES ($ Millions)
NOT SEASONALLY ADJUSTED



(P)=Preliminary (A)=Advance

Sales 'Weak'

Eating & Drinking Place Sales for May 1989 were $13.8 billion, according to advance figures released by the U.S. Department of Commerce. The increases evident in March, April, and May figures are typical of the seasonal variation in sales for the industry.

However, compared with the same period last year, Eating & Drinking Place Sales were down in real terms: They were 0.6% and 0.7% for April and May, respectively.

SOURCE: U.S. Department of Commerce, Technomic Inc.

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MENU IDEAS: *Potatoes' Appeal, page 243.*

COVER STORY

INDUSTRY **RESTAURANT GROWTH INDEX.** *The 22nd Annual Restaurant Growth Index is* Restaurant Business' *exclusive state-of-the-industry analysis. Presented in two sections—market segment reports and statistical tables—the Restaurant Growth Index functions as a complete tool for evaluating the potential of both industry segments and geographic markets. Included are reports on trends and sales performance within the eight major market segments as well as a comprehensive package of statistical information, grouped by Metropolitan Statistical Areas (MSA) and Area of Dominant Influence (ADI) of a television signal* 77

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Cover photograph by NASA.

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REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1989 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Ave., New York, NY 10017.*

RGI MARKET REPORT: *Student, page 118.*

IN THE NEXT ISSUE

COVER STORY

COMPANY OF THE YEAR: OLIVE GARDEN

For the past two years, General Mills' Olive Garden has ranked among the fastest-growing dinner-house chains in our Top 50 Growth Chains report. Last year it garnered $107 million in systemwide sales, and opened 55 stores. These figures represent a whopping 78% increase in sales and a 79% increase in units. *RB* gives you the inside story on how General Mills grew this chain in tandem with Red Lobster, and why it doesn't rely on franchise sales to build their business.

SPECIAL REPORT

MANAGER MOTIVATION

An exclusive operator survey culled from 7,500 readers who are restaurant managers in all market segments. Participants answered questions about their careers in foodservice and revealed their feelings about their positions and future in this industry.

MENU IDEAS

SOUPS & STEWS

These hearty dishes are not tired winter fare. Because of their price and nutritional values, operators are offering soups and stews all year round. In addition, many restaurateurs in warm-weather locations feature spicy, vibrant, colorful, and fresh variations on the soup theme.

MARKET SEGMENT REPORT

SEAFOOD

Though seafood consumption has leveled off and the ever-present challenges of supply and costs continue, the seafood segment is still holding its own.

RGI MARKET REPORT: *Hotel/Motel, page 106.*

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RESTAURANT BUSINESS **COVER STORY**

22ND ANNUAL RESTAURANT GROWTH INDEX

- MAJOR MARKET SEGMENT TRENDS
- SALES, UNITS, GROWTH RATES
- FIVE-YEAR FORECASTS
- REGIONAL, METRO, ADI DATA
- MARKET RANKINGS

RGI PINPOINTS U.S. HOT SPOTS

The 22nd Annual Restaurant Growth Index is *RB's* exclusive state-of-the-industry analysis. Presented in two sections—market segment reports and statistical tables—RGI functions as a complete tool for evaluating both industry segment and geographic market potential. Included are reports on trends and sales within the eight major segments—separate eating and drinking places, retail, leisure, hotel/motel, business & industry, health care, student feeding, and airline—as well as a comprehensive package of statistical information, grouped by Metropolitan Statistical Area (MSA) and Area of Dominant Influence (ADI).

Continued on next page

22ND ANNUAL RGI

LINEUP

WORTH NOTING

Over the past two decades, *Restaurant Business'* annual Restaurant Growth Index (RGI) has become a benchmark industry document. Each year, improvements are made and new information is added, increasing the value of the RGI report to readers and the industry. This year, for the 22nd Annual RGI, *RB* is pleased to announce yet another, substantial change.

In order to offer readers a more consistent source of reliable industry information, the market segment data featured in Part I of RGI, the Industry Report, is now being provided by Technomic Inc., the Chicago-based consulting firm that provides *RB* with much of its statistical information, including our exclusive Top 100 Chains and Top 50 Growth Chains reports.

In this transitional year, it is important for RGI users to realize that, in some instances, the 1987 data presented in this year's Industry Report will be at variance with last year's data; Technomic's methodology differs somewhat from that of our previous consultant. In addition, the data contained in our new Industry Report format has been restructured. For example, data for the ice cream/frozen yogurt category has been folded into the larger limited-menu data instead of broken out into a separate category as in past years. Moreover, several new categories are being introduced with this year's RGI, including the vending and airline markets.

RGI continues to provide a "state-of-the-industry" report in two parts. As in past years, Part I, the Industry Report includes exclusive trend studies of the eight major market segments. Part II, the Metro and ADI Report, encompasses sales and demographic profiles of the nation's 319 Metropolitan Statistical Areas and 212 ADI markets (Areas of Dominant Influence of a television channel) as well as ranking tables of all metro and ADI markets. This data, as in the past, is provided by Market Statistics, a division of Bill Communications.

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INDUSTRY REPORT

As the last decade of the 20th century rapidly approaches, the foodservice industry is showing all the classic signs of maturity. The heady expansion years of the 1970s and early 1980s are gone—perhaps forever, say some observers. This has been replaced by slow, but stable, real growth as well as a sense of wary optimism on the part of operators and industry analysts.

Competition—for customers, for prime locations, for labor—has become the operative principle. Competition governs both the commercial and institutional sectors of the foodservice industry today.

WINNERS AND LOSERS. That competition comes on a variety of fronts, crossing segment barriers and changing the face of the foodservice industry forever. Separate eating and drinking places face a proliferation of new contenders.

Other segments also have their problems. The lodging industry is seriously overbuilt. And the airline sector seems threatened to become consolidated out of existence.

Operators of B&I, health-care, and student dining facilities are increasingly constrained by the cost-consciousness of their clients.

And new sources of competition are springing up every day, in the form of better-quality prepared and convenience foods intended for home consumption. Supermarkets and convenience stores are competing for the foodservice dollar.

Food expenditures as a proportion of total Disposable Personal Income (DPI), however, are decreasing according to the USDA. In 1965, food accounted for 15.3% of DPI, after taxes; in 1988, it accounted for less than 12%. But the proportion of food purchased away from home has increased: In 1988, according to the USDA food away from home accounted for 38% of total personal food expenditures, up from 33% in 1965.

And for the first time, according to government data, the Consumer Price Index (CPI) for food at home will grow more significantly than CPI for food away from home, largely due to a disinclination on the part of the foodservice industry to raise prices in this largely noninflationary period.

Some segments fare better than others in these challenging times. The big winner in 1988 was the airline market, which logged real sales growth of 6.9%, followed by the leisure market, with growth of 4.9%.

The limited-menu subsegment of the separate eating and drinking place market enjoyed the next best rate of growth, at 4.1%, compared with its full-menu counterpart, lagging behind with just 0.8% real sales growth in 1988. Three other segments—student, lodging, and health care—each endured growth of less than 1% last year.

Over the next five years, that growth scenario is expected to continue, although all major market segments with the exception of one—the student market—are expected to register real compound annual sales growth in excess of 1%.

REAL GROWTH. Overall, the industry is expected to grow at a real compound annual growth rate of 2.1% over the next five years, with the commercial/contract/vending segments driving the bulk of that advance.

But again, the big winner is the airline market, expected to increase 4.5% a year in real terms, handily outpacing leisure (3.5%) and limited-menu restaurants (3.5%).

Growth in the separate eating and drinking place market is slowing—capacity now far outweighs demand—and the bulk of the rather modest 2.3% annual rate of growth will come from the limited-menu subsegment, which generated 1988 sales of more than $60 billion. The somewhat larger ($68 billion) full-menu category is expected to grow by only 1.5% annually over the period 1988-1993.

This very projection hints at one of the most vital keys to success in the near future: value pricing. Many observers feel that as consumers continue to experience a leveling-off in discretionary income, they will become even more value-conscious, and may "trade down" the price scale.

The foodservice industry is showing all the classic signs of maturation.

In a mature marketplace, however, when gaining share occurs at the expense of a competitor, there will be much more to the success equation. Successful competitors will build share through marketing, menu development, attention to service, and management of the basics of the business. It's not enough, anymore, to merely guarantee quality, service, and convenience.

In the nearly $13 billion retail market, foodservice has become a major competitive strategy; this should drive real sales growth of 2.7% per year through 1993. Convenience stores are making a major commitment to foodservice, lured by relatively high profit margins and promising sales. Meanwhile, many department stores have repositioned restaurants as contemporary cafes, and supermarkets continue to carve out business through sales of prepared and convenience foods.

Foodservice has also become an important tactic in the competitive war for the hotel/motel sector. Despite the fact that the travel industry is very healthy, the lodging market is overbuilt, and occupancy rates are slug-

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gish. In order to justify the cost of their facilities, hotel food and beverage executives are looking for new ways to build sales, by attracting local patronage as well as hotel guests to their restaurants.

Still, the segment experienced real growth of only 0.5% in 1988, and is expected to grow by a modest 1.5% annually, in real terms, through 1993.

The leisure market appears considerably more healthy, registering 4.9% real growth in 1988, with projections for continued 3.5% growth over the next five years.

Attendance at sports events is up, and theme parks are attracting record numbers of visitors as the baby-boom generation moves solidly into its own child-rearing years.

Increasingly, foodservice managers in the business and industry segment are guarding their flanks against the commercial competition. Charged with doing their part to increase productivity, B&I feeders are trying to keep workers on site by offering high-quality, popular food items that meet consumer expectations for nutrition and convenience. In many locations, both contracted and self-operated, this trend is taking the form of branded serveries, developed internally or through joint venture agreements with nationally known chains. According to RGI data, the segment will experience relatively moderate real growth of 2.0% annually over the next five years.

COMMERCIAL MARKET

1987: $199,350,000,000
+ 4.1% Real Sales Growth

1988: $212,802,000,000
+ 2.6% Real Sales Growth

1993: $293,518,000,000

INDUSTRY REAL GROWTH SUMMARY	1987 % Real Sales Growth Rate	1988 % Real Sales Growth Rate	1988 - 1993[1] % Real Compound Annual Growth
TOTAL MARKET	3.7	2.3	2.1
Commercial/Contract/Vending	**4.1**	**2.6**	**2.3**
Institutional/Internal	1.2	(0.6)	0.4
Military	**0.4**	**0.0**	**1.0**
MAJOR MARKET SEGMENTS:			
Eating & Drinking Places	5.2	2.5	2.3
Eating Places	**9.7**	**3.3**	**2.4**
Limited Menu Restaurants	9.6	4.1	3.5
Full Menu Restaurants	**2.9**	**0.8**	**1.5**
Retail Market	3.0	1.9	2.7
Hotel/Motel	**(1.7)**	**0.5**	**1.5**
Leisure	2.0	4.9	3.5
Business & Industry	**1.9**	**3.4**	**2.0**
Health Care	0.6	0.5	1.0
Student	**1.2**	**0.8**	**0.7**
Vending	1.8	2.4	1.5
Airline	**8.8**	**6.9**	**4.5**

The consumer price index for food away from home is 4% for both 1987 and 1988. Inflation for food away from home is forecasted to average 4.2% annually for the period 1988-1993.

The outlook for the health-care segment is somewhat less optimistic; the segment is expected to grow at a real rate of 1.0% annually during the period 1988-1993. In the wake of changes in regulations governing third-party payment procedures, acute-care hospitals are facing increasing cost constraints, and at the same time, are looking for ways to build profits through cash operations. The situation has created dramatic new opportunities for foodservice management companies; indeed, the contract sector of the health-care marketplace is expected to grow by 4.5% annually, in real terms, through 1993, offsetting declines in the hospital-internal subsegment. In the meantime, the aging of the population has also created the need for more long-term care facilities, including senior-living communities designed for an active, still-healthy older resident.

Within the student segment, the major issue continues to be demographics, although new financial woes in the form of restricted commodities programs are posing additional challenges for school foodservice directors. And, as in the case of the health-care segment, increasing pressures spell more opportunity for the contractors.

Over the period of 1988 to 1993, contract foodservice in primary and secondary schools is expected to grow at a rate of 7.7% per year, in real terms, compared with just 0.3% per year for the internally operated counterpart. In colleges and universities, the contract sector is expected to grow at 1.5% annually, while the internal sector is expected to suffer a decline.

By contrast, the airline market is positively booming. After years of being written off as a necessary evil, airline foodservice is again being used as a marketing tool by an increasingly competitive industry. Several years of consolidation in the wake of deregulation has changed the face of the skies profoundly; today, rampant consolidation and fare wars are the name of the game. Despite the varying fortunes of the eight major market segments, however, the foodservice industry remains essentially sound. Growth may be slowing—the total market advanced only 2.3% in 1988, versus 3.7% the previous year—but it will continue.

The future, more than ever before, will belong to the operator who can successfully stave off competition—from the microwaveable frozen dinner, from the brown-bag lunch, from the place around the corner—to continue satisfying his customer.

continued on page 86

INSTITUTIONAL MARKET

1987: $33,511,000,000
+ 1.2% Real Sales Growth

1988: $35,056,000,000
(0.6%) Real Sales Growth

1993: $43,851,000,000

FOODSERVICE INDUSTRY SUMMARY

	1987	1987	1987	1987 vs 1986		1988	1988	1988 vs. 1987		1993	1988 - 1992	
											% Compound Annual	
	Units	Sales	Purchase	% Sales Growth		Sales	Purchases	% Sales Growth		Sales	Sales Growth	
		($000,000)	($000,000)	Nominal	Real	($000,000)	($000,000)	Nominal	Real	($000,000)	Nominal	Real
TOTAL MARKET	635,435	235,605	90,756	7.8	3.7	250,712	96,463	6.4	2.3	341,054	6.3	2.1
Commercial/Contract/ Vending	**488,600**	**199,350**	**72,824**	**8.3**	**4.1**	**212,802**	**77,705**	**6.7**	**2.6**	**293,518**	**6.6**	**2.3**
Institutional/Internal	143,515	33,511	16,560	5.2	1.2	35,056	17,331	4.6	0.6	43,851	4.6	0.4
Military	**3,320**	**2,744**	**1,372**	**4.4**	**0.4**	**2,854**	**1,427**	**4.0**	**0.0**	**3,685**	**5.2**	**1.0**
MAJOR MARKET SEGMENTS:												
Eating & Drinking Places	336,400	137,106	47,290	9.4	5.2	146,221	50,341	6.6	2.5	200,938	6.6	2.3
Eating Places	**303,800**	**125,730**	**43,308**	**10.1**	**9.7**	**135,009**	**46,417**	**7.4**	**3.3**	**187,165**	**6.8**	**2.4**
Limited Menu Restaurants	145,000	54,976	17,042	14.0	9.6	60,426	18,732	8.3	4.1	88,158	7.8	3.5
Full Menu Restaurants	**149,000**	**65,294**	**24,159**	**7.0**	**2.9**	**68,764**	**25,443**	**4.9**	**0.8**	**90,998**	**5.8**	**1.5**
Retail	92,600	12,215	4,611	7.1	3.0	12,956	4,888	6.1	1.9	18,164	7.0	2.7
Hotel/Motel	**25,600**	**12,050**	**3,704**	**2.2**	**(1.7)**	**12,598**	**3,873**	**4.5**	**0.5**	**16,642**	**5.7**	**1.5**
Leisure	25,000	6,228	2,180	6.0	2.0	6,801	2,380	9.2	4.9	9,921	7.8	3.5
Business & Industry	**16,000**	**14,065**	**7,033**	**6.0**	**1.9**	**15,140**	**7,570**	**7.6**	**3.4**	**20,534**	**6.3**	**2.0**
Health Care	32,635	13,783	6,892	4.6	0.6	14,416	7,208	4.6	0.5	18,631	5.3	1.0
Student	**92,350**	**18,840**	**9,050**	**5.2**	**1.2**	**19,741**	**9,490**	**4.8**	**0.8**	**25,119**	**4.9**	**0.7**
Vending	9,000	13,264	5,969	5.8	1.8	14,140	6,363	6.6	2.4	18,7 2	5.8	1.5
Airline	**30**	**3,244**	**1,622**	**13.1**	**8.8**	**3,610**	**1,805**	**11.3**	**6.9**	**5,526**	**8.9**	**4.5**

NOTE: Sales estimates for Business & Industry, Health Care, Student, Vending, and Airline markets have been adjusted to reflect equivalent consumer expenditures, i.e., in noncommercial operations where a food sale, per se, does not take place.
Other primarily institutional segments such as penal facilities, religious orders, cargo lines, etc., are included in Institutional/Internal feeding totals.
Purchases include all food, alcoholic, and nonalcoholic beverages. Alcoholic beverages have been excluded in Business & Industry, Health Care, Student, and Airline markets only. Limited menu and full menu restaurant sales are included in eating place sales. Eating place sales are included in eating and drinking place sales and should not be added with other major market segments to arrive at total market sales.

SEPARATE EATING & DRINKING PLACES

The rich get richer and the also-rans struggle in today's separate eating and drinking place market. Quick-service restaurant segment leaders roll on, gathering market share. Full-service chains with momentum also do well, as do a number of established independents. The gains in both categories come largely at the expense of less fortunate chains and independents that lack a strong identity, market penetration, big media dollars, and adroit management.

"We're having a soft, soft year," says George Rice, chairman of GDR/CREST, a service of NPD Research in Park Ridge, IL. Last year's paltry 0.5% rise in customer traffic is likely to be followed by negative results this year, with both quick-service and midscale restaurants reporting flat or down traffic in recent quarters.

Surprisingly, customer traffic in quick-service restaurants (QSRs) and off-premise customer traffic both showed negative 2% growth in the spring quarter. However, Rice emphasizes, it is premature to jump to conclusions about a decline in take-out and delivery. But if such results become a trend, it may indicate that supermarkets are stealing take-out business.

BEARING BURDENS. In addition to the mounting competition, operators must bear the burden of increasing costs of labor, occupancy, utilities, and food, the last as a result of last year's drought. In the future, their P&L statements are likely to be impacted by a higher minimum wage and mandated health benefits, too.

President Bush's veto and a thwarted override attempt in Congress have spared operators the burden of the higher minimum wage, at least temporarily. But mandatory health benefits is an issue operators find even more threatening.

The National Restaurant Association found nothing to cheer in Surgeon General Koop's recent recommendation of higher excise taxes on alcoholic beverages, stricter legal definitions of DWI, advertising restrictions, and increased liability exposure for operators. If enacted, such recommendations could further depress beverage business in restaurants.

Gains are coming at the expense of smaller chains.

Moreover, state and local lawmakers are enacting taxes, restrictions, and even outright bans on fast-food packaging materials in many localities, despite evidence that fast-food refuse accounts for less than 1% of solid waste.

In this troubled environment, growth is slowing in the separate eating and drinking places category. In 1988, the sector showed a 2.5% real growth rate, down from a 5.2% real growth rate in 1987, according to RGI data. Looking ahead, compounded annual real growth is projected to be only 2.3% between 1988 and 1993.

WHEELING AND DEALING. Not surprisingly, acquisition tempts chains as a means of instant growth, despite the resulting debt burden. Small chains and independents find their costs increasingly pressured as a result. With tax treatment still favorable, billions of dollars in pension funds available for leveraging, and aggressive investment firms eager to turn deals, mergers and acquisitions are likely to continue.

Flashiest of the recent mega-deals was Grand Metropolitan PLC's $5.7 billion acquisition of The Pillsbury Company, with Burger King the main prize.

In another major transaction, Coniston Partners LP, a New York City-based investment partnership without prior foodservice industry experience, agreed to pay $1.7 billion for TW Services, parent of Denny's, Canteen Corp., and Hardee's franchisee Spartan Foods.

Even long-established segment leaders find themselves at risk. At press time, Dunkin' Donuts was still locked in a

SUPER POPEYES
Grilled Chicken & Beef

Now that he has acquired Church's, Popeyes' founder Al Copeland has yet another project: the Super Popeyes concept, pictured, which serves a more varied menu.

1987: $137,106,000,000
+ 5.2% Real Sales Growth

1988: $146,221,000,000
+ 2.5% Real Sales Growth

1993: $200,938,000,000
+ 2.3% Real Sales Growth

protracted struggle against a hostile bid by Unicorp of Canada.

In other wheeling and dealing, Tennessee Restaurant Group, parent of Perkins family restaurants, scooped up Friendly Ice Cream Corp. for $375 million, and Popeyes Famous Fried Chicken took Church's Chicken under its wing for $392 million.

Chains also find some growth in joint ventures with players in different segments. Arby's, for example, will join with Pilot Oil Corp. to locate units at truck stops. Pizza Hut and Marriott are cooperating on kiosk units in contract feeding accounts. McDonald's will do the same in Morrison Custom Management accounts.

One of the brightest lights in limited-menu restaurants is the PepsiCo restaurant division, comprised of Pizza Hut, Taco Bell, and Kentucky Fried Chicken, each one dominant in its segment. In the first quarter, the PepsiCo restaurants reported net sales of $1.1 billion, a 27% year-to-year increase, and operating profits of $66 million, a 43% year-to-year increase.

Still, hamburgers remain the largest and most visible segment of the industry, one in which competition is clearly intense and growth difficult.

McDonald's maintains its staggering pace of serving some 22 million customers daily in 10,500 restaurants in 50 countries. And with its industry-leading billion-dollar advertising and promotional budget, the Oak Brook, IL-based behemoth is not likely to relinquish its lead. This year, McDonald's introduced its first new nationwide product in two years, the Country Style McChicken sandwich.

Miami-based Burger King, the number-two burger player with more than 5,900 units worldwide, has suffered from stagnant growth and a host of marketing, advertising, and franchisee relations problems in recent years. But new parent Grand Met says it is committed to turning around the sleeping giant. Limited-time promotional products continue to figure in Burger King's strategy. During the summer it promoted the Cheese Trio sandwich.

Dublin, OH-based Wendy's is celebrating its 20th anniversary this year with continued signs of pulling out of its slump. Increased customer counts and earnings in recent quarters bode well for a turnaround. The chain has taken a number of constructive steps under new CEO James Near, including refocusing its marketing efforts and remodeling units. Founder R.D. Thomas communicates with the nation in TV spots. And the 18-ft.-long SuperBar food bar continues to bring in some sales and differentiate the company from the competition. However, some analysts have called it a risky move that diverts attention from its primary burger business.

Segments such as pizza, Mexican, and baked goods have led the growth parade in the limited-menu restaurant category

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SEPARATE EATING & DRINKING PLACES	1987 Units	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs 1986 % Sales Growth Nominal	Real	1988 Sales ($000,000)	1988 Purchases ($000,000)	1988 vs. 1987 % Sales Growth Nominal	Real	1993 Sales ($000,000)	1988 - 1992 % Compound Annual Sales Growth Nominal	Real
Separate Eating Places	303,800	125,730	43,308	10.1	9.7	135,009	46,417	7.4	3.3	187,165	6.8	2.4
Limited Menu Restaurants⁽¹⁾	145,000	54,976	17,042	14.0	9.6	60,426	18,732	8.3	4.1	88,158	7.8	3.5
Full Menu Restaurants	149,000	65,294	24,159	7.0	2.9	68,764	25,443	4.9	0.8	90,998	5.8	1.5
Public Cafeterias	6,100	3,867	1,547	6.0	2.0	4,099	1,640	5.0	1.0	5,559	6.3	2.0
Social Caterers	3,700	1,593	560	7.0	2.9	1,720	602	8.0	3.8	2,449	7.3	3.0
Separate Drinking Places⁽²⁾	32,600	11,376	3,982	1.8	(2.1)	11,212	3,924	(1.4)	(5.2)	13,773	4.2	0.0
Total	336,400	137,106	47,290	9.4	5.2	146,221	50,341	6.6	2.5	200,938	6.6	2.3

1. Includes ice cream and frozen custard stands
2. Includes only bars and taverns that serve food.

in recent years, but all have found growth more difficult of late.

In the pizza segment, real growth hit 12.7% in 1987, and unit growth increased by more than 10,000 units in the past two years. Although the segment's best days are probably behind it, it still seems to have room for growth.

"You don't see double-digit growth in pizza today like you did a few years ago," says Herman Cain, president and CEO of Omaha-based Godfather's Pizza. "But our 5% to 6% growth is still better than the industry's."

The driving force behind pizza's growth, off-premise dining, is expected to account for a third of pizza sales by 1990, according to CREST figures.

Wichita, KS-based Pizza Hut remains on a McDonald's-like roll in the segment, aggressively penetrating markets and blanketing them with media messages. Now with 6,800 units worldwide and a 23% pizza market share, Pizza Hut appears to be on course to achieve its goal of 40% share by the mid-1990s.

ALTERNATIVES. One of its key strategies is to emphasize delivery sales and alternative distribution systems. It plans to have 1,800 delivery and carry-out "delco" stores in operation by year end. It is also pushing ahead with Pizza Hut Express in-line and food-court units. Other test ventures include kiosks, drive-thru-only units, and experimental triple-combo food court units with sister PepsiCo concepts Taco Bell and Kentucky Fried Chicken.

Ann Arbor, MI-based Domino's Pizza remains the king of home delivery, but finds sales increasingly harder to come by as more players take on home delivery. Still, the chain had momentum enough to open its 5,000th unit this year, and to introduce a pan pizza, its first-ever new product rollout.

Number-four player in the segment with more than 600 units, Godfather's Pizza sees its niche as "the pizza expert," says Cain; the chain touts its product quality and generous topping portions. Godfather's new rollout is its Golden Crust pizza, a lighter pie with a distinctive taste compared to its regular pizza.

The galloping saturation of the pizza segment hasn't dissuaded St. Joseph, MO-based Breadeaux Pisa from growth aspirations. Since its founding in 1984, it has franchised 100 carry-out pizza "bakeries" in rural Midwestern towns. The concept's marketing angles are chewy French bread-style crust, lots of toppings, and two pizzas for one price.

Increasing competition has slowed traffic growth among quick-service Mexican places from double to single digits recently. Still cranking out the numbers, however, is Irvine, CA-based Taco Bell, the segment leader with more than 3,000 units and 1988 sales of $1.6 billion for a 60% market share.

Perhaps the most innovative new slant in Mexican QSRs is the 11-unit Portland, OR-based Macheesmo Mouse chain. It offers what it calls "smart food," made with reduced animal fats and sodium. The menu features brown rice, black beans, and whole-wheat tortillas.

Even some major chain restaurants are modifying their products and practices to satisfy the growing customer demand for healthful foods.

More than a year ago, Rocky Mount, NC-based Hardee's Food Systems became the first major chain to switch to vegetable oil for all of its frying, including french fries. Hardee's also targets health-conscious consumers with a grilled chicken sandwich—the only non-breaded, nonfried chicken sandwich among the major chains, it claims—and a chicken breakfast biscuit.

Increasing costs of labor, occupancy, utilities, and food will impact profits.

This year, Atlanta-based Arby's announced that it too would begin using vegetable oil exclusively as a frying fat.

Another healthful step forward was taken by the Blimpie submarine sandwich chain, owned by the New York

Creative Restaurant Management's concept Fred P. Ott's offers partial table service of American specialties, a full bar, and a pub atmosphere.

City-based Astor Restaurant Group. It is testing Blimpie Lites, a line of five salads and sandwiches that are each under 300 calories. Included are tuna and chicken salad, turkey and cheese, seafood, and tova fish, a surimi fish product. "We're going after the customer who has abandoned regular fast food because of nutritional concerns," says president Tony Conza.

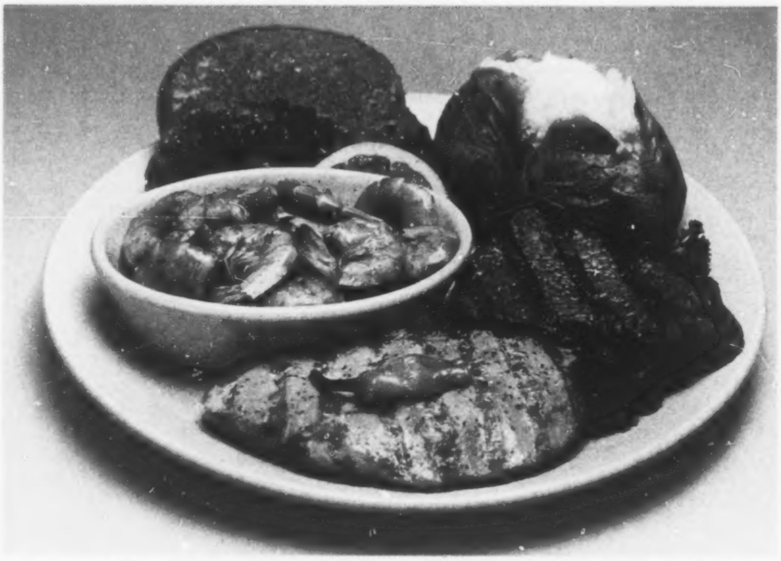
Also striving for a slice of the healthful food market are limited-menu bakery-restaurant concepts such as Boston-based Au Bon Pain, which has introduced trendy items such as oat bran-apple muffins. Another chain, Park City, UT-based Mrs. Fields, has rolled out a line of oat bran bagels, muffins, dinner rolls, breads, and cookies in combo stores with La Petite Boulangerie, a French bakery concept Mrs. Fields acquired from PepsiCo in 1987.

WHITE MEAT. Americans consumed an all-time high of 64.1 lb. of chicken per person in 1988, according to the U.S. Department of Agriculture. In addition to the home dinner table and the kitchens of chicken chains, the bird is showing up on the menu boards of numerous nonsegment players, such as McDonald's, Burger King, Wendy's, and Hardee's.

In the QSR chicken segment, once again, a strong number-one chain thrives while lesser ones struggle. PepsiCo's Louisville, KY-based Kentucky Fried Chicken, which has nearly 5,000 stores, has achieved a 46% market share and $4.9 billion sales in 1988, up 16% over the previous year.

The biggest news in the chicken segment is the acquisition of San Antonio-based, 1,368-unit Church's Chicken by Alvin Copeland, the flamboyant owner of 720-unit Metairie, LA-based Popeyes Famous Fried Chicken. The spotlight will be on Copeland as he attempts to turn around Church's three-year sales and profit declines and mold a complementary, not competitive, strategy for the two brands.

The Oriental food segment is somewhat inscrutable to restaurant industry observers. "It seems to grow steadily without major chain development or marketing dollars," says CREST's George Rice.



Sizzler, the 625-unit steak-house chain, also emphasizes chicken, seafood, and an extensive salad bar as well as soup, pasta, and taco bars.

One Oriental segment player with big ambitions is Pompano Beach, FL-based Hop Too's, a carry-out and delivery concept. Founded in 1987, Hop Too's now has seven 800- to 1,000-sq.-ft. units in strip centers and projects that 12 more will open this year. The company says that none of its dishes take longer than two minutes to cook to order.

SANDWICHES: VIABLE. The great growth of Milford, CT-based Subway Inc. is witness to the viability of the sandwich market, which increased 24% in sales last year to $1.2 billion. Subway expects to grow to 4,000 units by this December, from 250 units in 1983.

A sandwich chain also planning an expansion campaign is Menominee Falls, WI-based Cousins Submarines, which hopes to at least double its 36 units by 1992. It will franchise aggressively in the upper Midwest, especially Chicago.

The closest thing to a national chain of QSR Italian restaurants is Commack, NY-based Sbarro Italian Eatery, which has 343 units in 42 states, mainly in malls. Like many QSR chains, the search for new sites is taking Sbarro to nontraditional venues such as airports and highway interchanges.

Budget steak houses have blossomed into midscale, family-oriented restaurants with a considerable menu evolution away from red meat dominance, although customers have certainly not given up beef.

One of the fastest-growing is Los Angeles-based Sizzler, owned by Collins Foods. From 1983 to 1988, average unit sales increased more than 60%. Today, the 625-unit chain also emphasizes chicken, seafood, and an extensive salad bar as well as soup, pasta, and taco bars.

Another rapidly growing chain is Little Rock, AR-based TCBY, runaway leader in the frozen yogurt category. In the second quarter alone, it opened a record 131 stores, on track for a projected 1,300 stores and $300 million in systemwide sales by the end of 1989. It now advertises on network TV in the company

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SEPARATE EATING & DRINKING PLACES

Skipjack's Seafood Emporiums, a pair of Boston restaurants, have become known for fresh seafood and a slick, upscale ambience.

Mergers and acquisitions continue to be important expansion vehicles.

of the fast-food giants.

Cafeterias have been providing high price/value and a reasonable facsimile of home-cooked food to families and fixed-income customers for decades. Despite real growth of merely 1% in 1988, down from 2% in 1987, the category is well positioned to cash in on the graying of America.

Now, a leading cafeteria has jumped on the bandwagon of the meals-at-home trend. San Antonio, TX-based Luby's is retrofitting its freestanding cafeterias for its "Good Food To Go" program. These stores have separate entrances, waiting areas, and cash registers for take-out customers. In remodeled stores, sales have increased 4% to 7%.

In recent years, an interesting new slant on quick-service restaurants has emerged, combining some of the features of casual dining with fast-food pricing and convenience. Examples can be found in the Mexican patio restaurants of the Southwest. There, chains such as Taco Cabana and Two Pesos offer counter service of scratch-made fajitas and fresh-cooked tortillas, margaritas and beer, a flamboyant cantina decor, and breezy patio seating, as well as double drive-thru windows for take-out.

Similar in many regards is Super Popeyes, a concept being tested by Popeyes' owner Alvin Copeland. The 3,000-sq.-ft., 110-seat restaurant menus grilled chicken and fajitas, offers margaritas and beer, and features patio seating.

A variant with a high degree of similarity to casual-dining restaurants is Fred P. Ott's, a concept being franchised by Shawnee Mission, KS-based Creative Restaurant Management. Ott's offers partial table service of burgers, ribs, and other American specialties, a full bar, and an atmosphere similar to a pub and sports bar.

Growth has been no simple matter either in midscale restaurants, which reported 2% traffic declines in each of the past three quarters, according to CREST. However, with QSRs similarly dropping 2% in the spring quarter, there is "a relatively better opportunity for midscale restaurants now," says Rice.

Bucking the trends with standout growth are Orlando, FL-based General Mills Restaurants' Red Lobster and Olive Garden dinner-house chains. Together, they opened more than 100 new units in the past year and produced sales and profit gains as well. In fact, the pair could account for more than a third of General Mills' profit growth in the future, the company says.

Although Mexican midscale restaurants have been afflicted with the doldrums for more than a few quarters, opportunity still presents itself, according to segment operators.

"I like the Mexican segment," says chief executive Hal Smith of Louisville-based Chi-Chi's, a privately owned subsidiary of Foodmaker Inc. "It's not recession-proof, but its high value should hold up even if the economy slows down."

Chi-Chi's is doing much better than holding its own, turning in 5% to 6% comparable sales increases and building an average volume of $2.6 million in its 140 stores, Smith says.

A bright spot in midscale Mexican are distinctive new cantina-style players typified by the Atlanta-based Rio Bravo chain, which features a unique, comfortably worn border cafe atmosphere as well as the big portions and affordable prices the segment is known for.

Contributing to the woes of Mexican operators is the excellent job that casual dining chains do of incorporating Mexican-style items into their menus.

Dallas-based Chili's, headed by the formidable team of chairman and CEO Norman Brinker and president and COO

Ron McDougall, continues to shine in the casual-dining category. In 1988, Chili's added 32 units to its system for a total of 146 in 21 states, and built its average unit volume to slightly more than $2 million. This year, it acquired the six-unit Grady's casual-dining concept in the Southeast as another growth vehicle.

Chili's succeeds by consistently executing a relatively simple, limited menu of enduringly popular items, such as fajitas, ribs, salads, chicken, shrimp, and gourmet hamburgers, which today account for just 12% of sales.

Chili's may soon find itself contending with an improving rival in Dallas-based TGI Friday's. Last year, Friday's comparable store sales increased by 2.7%, the first such increase since 1982. Helping improve the situation is a re-engineered menu of fewer items for operational ease, but also new items with broad customer appeal, such as ribs, more pastas, and lighter foods such as a fresh vegetable medley.

A distinctive casual-restaurant concept recently debuted in Morgantown, WV. Boston Beanery Restaurant and Tavern serves up hearty portions of American food in the atmosphere of a 19th century Boston tavern. Signatures include the Paul Revere seven-layer salad and the Boston Beanwich, a sandwich of baked beans, bacon, and cheddar.

FISHING FOR SALES. Seafood is one of the leading menu items in full-menu restaurants, although perhaps slightly less popular than it has been in the past. The six-year streak of increasing per capita consumption of fish was broken in 1988, when the figure declined to 15 lb. per person from 15.4 in 1987, according to the National Fisheries Institute.

Skipjack's Seafood Emporiums are a pair of Boston restaurants that have become known for scrupulously fresh seafood and a slick, upscale ambience. Sales at the Copley Square Skipjack's are running at a $4 million pace.

HIGH-TICKET. For some time now, luxury restaurant operators in major cities have found both sales and traffic softening. Haute cuisine operators are seeing many of their former customers cross the street to eat at an increasing number of good, less expensive dining alternatives. Bistros and trattorias offer stylish and satisfying food and drink at reasonable prices in classy surroundings.

An example is Fino, in Torrance, CA, a restaurant that celebrates Mediterranean food and wine. None of its entrees cost more than $15. Selections include grilled flank steak with tabouli and bruschetta, sea bass Catalan style with tomatoes, onions, and garlic, and roast duck with thyme-olive sauce.

Independent operators in Chicago have opened two new spots this year that demonstrate good food, fun, and value.

Terczak's is the latest venture of chef John Terczak, whose cutting-edge American cooking attracted national attention at Gordon in Chicago and Cafe Marimba and Safari Grill in New York. Here, he's scaled back to simple, home-style foods. Choices include roast pork stuffed with spicy Italian sausage and three-cheese lasagna for less than $15 a plate, and with wines to match.

Metropolis 1800 in Chicago strikes a much different chord with a motif of blue-gray tones, set off by indigo, black, and cream accents and framed contemporary art. Co-owners Erwin and Cathy Drechsler craft an eclectic menu of dishes such as fish chowder with saffron and Napa cabbage and sautéed baby salmon with avocado chive butter, all under the $15 threshold.

What does the future hold? The 1990s will likely be a decade of increasingly automated restaurants for quicker service and lower labor costs. Among the chains experimenting with high-tech equipment is Arby's, which is testing a system that allows customers to order their food directly on a touch-screen computer. Another is Kentucky Fried Chicken, which is developing a $20 million computer operations link.

In addition, the customer of the future will likely ante up at the fast-food counter with a credit card. Domino's and Arby's are two of the first to test credit cards. The latter has reported 2% to 5% sales increases and an average purchase increase from $3.20 to $5.50.

For now, operators in most separate eating place segments have to weather a tough period of maturation and burgeoning competition. "The survivors will be companies with a clear identity, that are properly leveraged and able to penetrate their markets," says Rice of GDR/CREST. "The industry that emerges will be a strong one."–**James Scarpa**

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PepsiCo is experimenting with triple-combo food court units by combining concepts.

RETAIL

Foodservice is now an increasingly important part of the retail strategy.

Foodservice has become a gold mine for retailers. The retail sector, challenged by competition and spiraling costs, no longer considers foodservice a necessary evil. Today, it's a viable profit center.

According to RGI data, real sales from foodservice in the retail segment increased 1.9% in 1988, and the segment is expected to experience real compound annual growth of 2.7% over the next five years, outstripping the commercial market's expected 2.3% rate of growth.

The engine driving this sector is the convenience store subsegment, which posted gains of 3.0% last year. According to Tom Campbell, president of C-Store Concepts, a consulting firm based in Plano, TX, foodservice now represents 8% of total c-store sales, a proportion that's expected to reach 20% by the early 1990s; more than 64,000 of the nation's 85,000 convenience stores currently serve some sort of food. In the past two years, says Campbell, the category has grown by 15% annually, and with a 49% profit margin, is two to six times more profitable than typical nongasoline merchandise.

All of which has made for some intense competition. A number of the major oil companies—including Exxon, Amoco, and Shell—are reportedly aiming for the c-store market, with plans on the drawing board for several thousand stores each over the next five years.

PETROL PRESSURE. With their prime locations and established niche in the petroleum market, notes Campbell, the oil companies could bring about a doubling in the size of the industry in the next five to six years. At least one c-store chain, Circle K, may already be feeling the pressure: executives announced the company was on the block this summer.

Meanwhile, segment leader 7-Eleven is still practicing austerity in the wake of parent Southland Corp.'s 1987 leveraged buyout. Southland has been selling off related businesses and easing up on expansion, as well as closing a number of underperforming stores, in an attempt to pay down its debt. In the meantime, however, a company spokesperson says foodservice remains "an important and growing part" of the company's strategy.

Specifically, 7-Eleven has invested heavily in branded products such as the "Breakfast Bite" sausage sandwich, and in freshly made deli sandwiches. The company is also evaluating its "Get Hot" program. In addition, 7-Eleven offers Dunkin' Donuts and Winchell's baked goods in about 1,500 stores.

INDEPENDENT MOVES. Despite the competitive environment, however, there is ample opportunity for those smaller, independent c-store chains willing to make the necessary commitment to foodservice. Jennie Jones, who heads up the foodservice program for Richmond-based FasMart, with 33 stores in Virginia, says the company counts 33% of its inside sales from foodservice.

DEPARTMENT STORES. A similar situation exists in the realm of department store foodservice, as retailers in this sector move to keep shoppers in the stores longer and, perhaps, to attract nonshoppers to their restaurants. To accomplish this, many of Chicago-based Marshall Field's 22 stores feature The Gourmet Cafe, a self-service concept adjacent to the gourmet foods area and open to store traffic. Soups, salads, and sandwiches form the backbone of the menu. The concept captures more than 2.5% of total store sales, compared with 1.5% for the table-service restaurants it replaces.

K mart's new American Fare hypermarket features several foodservice outlets, including this stand-up pizza station and eatery.

Such concepts, according to retail foodservice directors, post better margins and boost traffic, while reducing costly labor. "Foodservice may still be less profitable than other departments, but it's holding its own," comments Lachlan MacBean, director of food services for Reading, PA-based Boscov's, the largest independent retailer in the U.S. with 18 Boscov's full-line department stores.

AMBIENCE. Boscov's flagship foodservice concept is The Greenery, a European-style servery featuring exhibition cookery, scratch-made entrees, salads, sandwiches, and soups, and upgraded self service. The concept is generating annual sales of more than $1 million in the three stores it is in, and will eventually be incorporated into all new stores.

Dayton Hudson, the nation's fifth-largest department store chain with 37 stores in seven states, is taking more of a fast-food approach. The company's typical operation is Marketplace Foods, an upscale carryout facility anchored by the Yogurt Express and Chickery, featuring marinated, charbroiled chicken dishes.

Dallas-based Neiman-Marcus is taking a somewhat different approach. The company's new N.M. Cafe is decidedly full service, a 60-seat bistro-cafe serving such lighter fare as sandwiches, salads, and limited hot entrees. The first N.M. Cafe opened in the Houston Galleria store, with more expected to open over the next several years.

SUPERMARKETS SERVE. Meanwhile, supermarkets are trying to carve their own niche in the food-away-from-home market. Chains such as Kroger, King's, and Grand Union are offering customers a variety of prepared foods for take-home dining, as well as service delis, scratch bakeries, and other value-added departments. Some experts envision a near future in which European-style department/grocery stores will offer shoppers virtual "food streets" with a wide variety of raw and prepared foods for consumption both on site and at home.

HYPERMARKETS. An early salvo in this war may well have been fired by the hypermarket—one of the most controversial new retailing formats to hit the scene. Introduced in the U.S. by such European chains as Carrefour and Auchan, the concept has been picked up by a handful of the country's major discount retailers, including Wal-Mart and K mart. Part discount store, part grocery store, the typical hypermarket features more than 200,000 sq. ft. of selling space, with all the usual merchandise selections of both formats.

K mart, the country's second-largest retailer, opened its first American Fare hypermarket in Stone Mountain, GA, in January, in conjunction with the Bruno's grocery chain. The 244,000-sq.-ft. behemoth has 35 departments including food, apparel, and hardlines, with 81 check-out stations and a food court that features Little Caesar's Pizza and International Submarines outlets, Kentucky Fried Chicken, Taco Bell, and TCBY yogurt franchises, as well as deli and pizza stands. Although there are only about a dozen hypermarkets in the U.S. to date, many executives say it's a trend that bears watching. **–Joan Lang**

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1987: $12,215,000,000
+ 3.0% Real Sales Growth

1988: $12,956,000,000
+ 1.9% Real Sales Growth

1993: $18,164,000,000
+ 2.7% Real Sales Growth

RETAIL MARKET: FOODSERVICE SALES	1987	1987	1987	1987 vs. 1986		1988	1988	1988 vs. 1987		1993	1988-1993	
											% Compound Growth	
	Units	Sales ($000,000)	Purchases ($000,000)	% Sales Growth		Sales ($000,000)	Purchases ($000,000)	% Sales Growth		Sales ($000,000)	Sales Growth	
				Nominal	Real			Nominal	Real		Nominal	Real
General Merchandise Stores[1]	18,300	1,760	686	6.6	2.6	1,838	717	4.4	0.3	2,373	5.2	1.0
Drug & Proprietary	10,500	605	236	7.4	3.3	646	252	6.9	2.7	814	4.7	0.5
Convenience Stores[2]	49,000	5,036	1,763	9.9	5.7	5,395	1,888	7.1	3.0	8,259	8.9	4.5
Other Specialized Retail Stores[3]	14,800	4,814	1,926	4.5	0.6	5,077	2,031	5.5	1.3	6,719	5.8	1.5
Total	92,600	12,215	4,611	7.1	3.0	12,956	4,888	6.1	1.9	18,164	7.0	2.7

1. Includes department, variety, and miscellaneous general merchandise stores.
2. Includes primarily gasoline stations and traditional c-stores with foodservice. Previously, gasoline stations without foodservice had been included.
3. Includes supermarket restaurants, specialty food shops (such as cheese stores), and miscellaneous retailers such as liquor and book stores.

LEISURE

Sales growth within the leisure market is expected to remain steady through 1993. The real compound growth rate throughout the period will hit 3.5%, according to RGI data.

But while the general prognosis for the market tends to be upbeat, examination of the individual segments reveals some highs and lows. For example, the 1989 summer concert business is down significantly from last year despite major tours by such rock groups as the Rolling Stones and The Who. On the other hand, sports venues—notably those housing major league baseball teams—are logging high attendance.

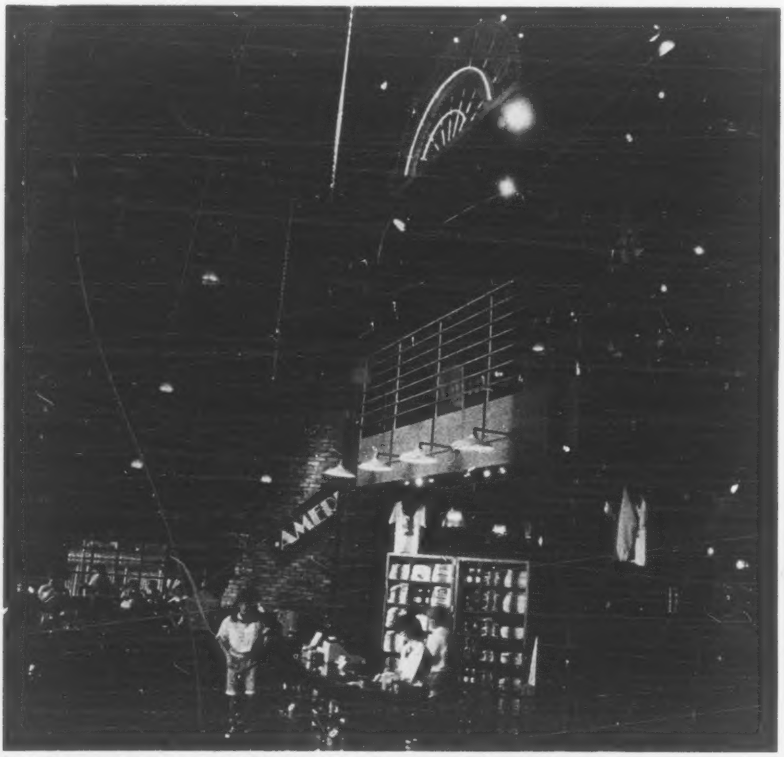
Richard Carlson, president of the recreation services divisions of Canteen Corp. in Chicago, agrees that the summer business has been somewhat uneven. "The concert market is not as good as it was in 1988," he explains. "Last summer, each venue did an average of 40 concerts during the three- to four-month period. This summer that number was down to about 30." On average, however, per capita spending at concert concessions has increased about 5% to 8%.

Nevertheless, Carlson points out that the foodservice business at baseball stadiums "has been outstanding. Attendance is up over last year, and business is up about 8%."

Canteen operates concessions for such teams as the New York Yankees, the Kansas City Royals, the Minnesota Twins, and the Oakland Athletics.

Additionally, the weakened dollar is contributing to increased travel within the United States. Carlson says that the number of visitors to the major recreational parks Canteen services—including the Grand Canyon, Brice, and Zion—is up 10%.

Though traffic is up overall, the market is very inconsistent.



Levy Restaurants operates The Fireworks Factory at Walt Disney World.

The one soft spot, however, remains Yellowstone National Park. After last year's devastating fires, overnight business dropped off significantly. "The day traffic is good, and the food sales are solid," Carlson notes. "But people just aren't staying in the park hotels."

Executives at ARA Leisure Services are witnessing much the same trends in the leisure market. "The concert business is down," notes Wes Westley, vice president of finance. "But we've been seeing good attendance levels in the major league stadiums."

ARA operates foodservice in the home facilities of such major league baseball teams as the Chicago Bears, the Pittsburgh Pirates, and the Atlanta Braves.

ACQUISITIONS. ARA's park business also remains solid, and during the past year, the Philadelphia-based contract feeder acquired two major park accounts—Ellis Island in New York Harbor and Lake Powell in Northern Arizona and Southern Utah.

Ellis Island, which is scheduled to open in June 1990, is expected to attract two million visitors annually. ARA Leisure Services plans to invest $3.4 million in converting 12,700 sq. ft. of the main building into a restaurant and gift shop. The restaurant will feature dining on a 100-seat terrace.

Since Ellis Island is associated with

1987: $6,228,000,000
+ 2.0% Real Sales Growth

1988: $6,801,000,000
+ 4.9% Real Sales Growth

1993: $9,921,000,000
+ 3.5% Real Sales Growth

the great tide of immigrants, the menu will reflect the country's diverse ethnic influences. Menu items will include minestrone soup from Italy, *challah* from Israel, and moussaka from Greece. A selection of international beers will also be featured.

Lake Powell is by far the larger of the two accounts, generating revenues of close to $50 million a year. ARA purchased the rights to operate the recreational facilities on the 186-mile-long man-made lake from Del E. Webb Properties for $70 million.

The operation includes five marinas, lodging facilities with 370 guest rooms, 300 houseboats, and numerous restaurants, general stores, gift shops, and recreation-vehicle parks. Furthermore, the company sees vast expansion potential in both the downlake and uplake regions of the park.

RACETRACKS. While stadia and theme parks are seeing healthy sales, racetracks are also enjoying a strong year. In general, Sportservice, a division of Delaware North Co. in Buffalo, NY, is finding that its main area of growth this year has been parimutuel tracks, according to Jack Hertenstein, director of operations. During the month of May alone, Sportservice opened facilities at three racetracks: Ruidoso, NM; Muskegon, MI; and Birmingham, AL.

The year also saw two well-known commercial operators debut operations in the leisure market. Oak Brook, IL-based McDonald's Corp. continued its march into the segment with the opening of operations in Toronto's 50,000-plus-seat SkyDome stadium. McDonald's Restaurants of Canada—which invested $40 million in the project—operates 81 venues at the stadium: four restaurant counter sites, 20 "SkySnack" locations, 48 beverage stations, and nine vending kitchens.

In addition to McDonald's standard menu, the SkyDome menu includes a hot dog served on an egg-dough bun, deep-dish-style pizzas, hot cheese nachos, freshly baked pretzels, ice cream bars, and popcorn.

The Esplanade, one of the company's four restaurant sites in the stadium, can seat 465 people—making it the largest McDonald's in North America.

DISNEY-LEVY CONNECTION. Chicago-based Levy Restaurants—the owners and operators of such upscale restaurants as Spiaggia and Eurasia—launched two new operations in a joint venture with Walt Disney World. The two full-service restaurants, The Fireworks Factory and the Portobello Yacht Club, opened in the Walt Disney World complex in Lake Buena Vista, FL, earlier this year.

Levy was selected from a group of 13 finalists to operate the restaurants in the newly opened Pleasure Island complex. This is the first time the Disney organization has worked with an outside foodservice company.

The 377-seat Fireworks Factory specializes in American regional cooking, including catfish, barbecue, sandwiches, salads, steaks, and seafood. Portobello Yacht Club, with seating for 328, offers a wide range of Italian dishes. Levy invested more than $5 million in the two restaurants, but expects to gross as much as $20 million annually.

NEW RESORTS. Disney itself has invested heavily in its newest resort areas, Pleasure Island and Typhoon Lagoon, says Frank Heavlin, director of resorts, food, beverage and entertainment for the Orlando-based company. The two resort areas in Florida feature a number of foodservice operations in the form of clubs, restaurants, and food courts. Each resort, for example, offers one food court with eight to 10 proprietary operations. Merriweather's, a food court operating in the Pleasure Island complex, features a range of individual operations specializing in broiled foods and healthful dishes.

Typhoon Tillie's food court in Typhoon Lagoon also offers visitors numerous options, including tuna burgers prepared from fresh tuna and a broiled fish sandwich.—**Paul Frumkin**

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LEISURE MARKET: FOODSERVICE SALES	1987 Units	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth Nominal	1987 vs. 1986 % Sales Growth Real	1988 Sales ($000,000)	1988 Purchases ($000,000)	1988 vs. 1987 % Sales Growth Nominal	1988 vs. 1987 % Sales Growth Real	1993 Sales ($000,000)	1988-1993 % Compound Annual % Sales Growth Nominal	1988-1993 % Compound Annual % Sales Growth Real
Leisure 1	25,000	6,228	2,180	6.0	2.0	6,801	2,380	9.2	4.9	9,921	7.8	3.5

Includes theme parks, stadiums, arenas, tracks, theaters, camps, clubs, bowling lanes, etc.

HOTEL/MOTEL

A combination of internal and external pressures is reshaping hotel foodservice, and the segment enters the 1990s resembling the separate eating and drinking place sector more than ever before. Hotel executives are deepening an existing commitment to quality foodservice, and at the same time reevaluating human resource management to better serve the needs of both guests and employees.

Supply continues to outpace demand as evidenced by sluggish occupancy rates, but industry insiders are confident that new properties will outperform their aging counterparts. During the early 1990s, they believe, the new rooms will be absorbed in the marketplace with supply and demand leveling off.

As hotels aggressively market their services to prospective guests, hotel foodservice operations continue to target the local community as well as the in-house customer with more informal concepts, fun foods, cyclical promotions, and increased attention to service. The hotel/motel market registered foodservice sales of nearly $12.6 billion in 1988, according to RGI data. The sector is expected to register real compound annual sales growth of 1.5% over the next five years.

BACK TO BASICS. "When we build our new hotels, we are incorporating concepts that are more casual, and have a warmer atmosphere than the gourmet dining rooms of the past," says Peter Kleiser, senior vice president of food and beverage for Hilton Hotels. The Beverly Hills, CA-based chain is comprised of a mix of properties and location types: downtown, suburban, deluxe, resort, suites, economy, and an international division of Conrad International Hotels. There are 45 company-owned properties, 220 franchised sites, and 15 international hotels.

Overbuilding has forced hoteliers to treat F&B as a major profit center.

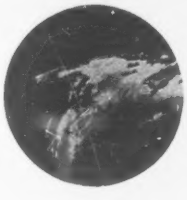
"As a result of our broad base of properties, we are extremely versatile when it comes to foodservice," says Kleiser. "Regardless of where the restaurant is or the type of concept, the present trend is 'back to basics.' The accent is on tasty and healthy foods that people can relate to. Creative dishes that were beautiful to look at but hard to enjoy have lost popularity."

Similarly, Four Seasons Hotels is working hard to integrate its "brand name" value as a luxury hotel operator with more accessible foodservice throughout 40 food and beverage facilities in its 22 hotels. "Our challenge lies in making our dining rooms less intimidating and less formal, without sacrificing the quality atmosphere that has made Four Seasons' reputation in North America," notes Alfons Konrad, vice president of food and beverage for the Toronto, Canada-based company.

SENSE OF OWNERSHIP. The restaurants within the 97-property Hyatt Hotels and Resorts system meet their customers' expectations by positioning against local freestanding operations. "Restaurants within hotels have changed over the last five years," says David Zadikoff, vice president of food and beverage for the Chicago, IL-based Hyatt. "The hotel's signature restaurant must take a freestanding approach in order to compete with local restaurants."

The Two Sisters in Hyatt's Coral Gables, FL, property illustrates the company's philosophy of competing directly with local freestanding restaurants.

Don Clawson, vice president of food and beverage for Minneapolis, MN-



1987: $12,050,000,000
(1.7%) Real Sales Growth

1988: $12,598,000,000
+ 0.5% Real Sales Growth

1993: $16,642,000,000
+ 1.5% Real Sales Growth

based Radisson Hotels International, is committed to American cuisine. He believes that Radisson customers have indicated that type of food as their preference. As a result, fresh, indigenous ingredients at their peak of flavor are incorporated into the menu, and the menus reflect the local preferences.

In its bid to find a niche in the local market, Embassy Suites, the Dallas, TX-based division of Holiday Corp. and the nation's largest all-suite chain, is leasing its foodservice facilities to popular, and profitable, local operators. Currently, only 23 restaurants in the chain's 93-unit system are company-owned. The remainder are operated by tenants who are, in the words of corporate food and beverage director Doren Chisholm, "normally the top operators in the local markets."

FOREIGN INVESTORS. Recent foreign investment in the U.S. hotel industry is slowly but substantially reshaping the lodging sector. In the 1990s, the industry should experience a 30% increase in foreign travelers. In addition, foreign investors are anxious to tap into the U.S. real estate market, where hotels provide long-term return on investment, gateway entry into the U.S., and trophy status for the investor.

One of the most interesting transactions to occur this year was the agreement between Prime Motor Inns Inc. of Fairfield, NJ, and the New World Development Co. Ltd. of Hong Kong. As a result of the agreement, made in April, Prime participated in the acquisition of the hotel business of Phoenix, AZ-based Ramada Inc. The total paid for the Ramada Hotel Group was $540 million. In its agreement with New World, Prime will operate Ramada's U.S. franchise system—more than 600 hotels nationwide operating under the Ramada Inn, Ramada Hotel, and Rodeway banners.

Prime is also the licensor of the Howard Johnson name and is a licensee of chains including Sheraton, Hilton, and Days Inn. Prime currently consists of 130 owned/leased/managed properties. Over the next five years, the company plans to build 232 new properties and will license 200 additional properties developed and built by others.

Under the Prime corporate umbrella are: the Howard Johnson Lodge, the Howard Johnson Hotel (which includes a restaurant and lounge), the Howard Johnson Park Square Inn (similar to a Marriott Courtyard), the Howard Johnson Plaza (a full-service, midprice property), and the Plaza Suite (an all-suite full-service property). In addition, the company introduced two new lines: the Wellsley Inn (a Howard Johnson subsidiary), which is a limited-service property, and the Ameri-Suite, a midprice, limited-service all-suite hotel offering a $55 to $60 room rate.

GREAT EXPECTATIONS. Peter Hothorn, vice president of food and beverage for Hampton, NH-based Omni Hotels, believes that managing customer satisfaction is vital for success in today's competitive marketplace. "We are learning that after you build up customer expectations, you must fulfill what has been promised. You must create a margin of difference between what you offer and what the competition offers. And service is the most important point of differentiation between you and the competition."

Hothorn is emphatic about the need for increased training for all employees. His concerns are echoed by his counterparts. Hilton Hotels has established a training program with the Culinary Institute of America (CIA) in Hyde Park, NY. In this program, food and beverage managers, catering directors, and chefs attend classes at the CIA designed to hone their culinary skills.

Similarly, Konrad of Four Seasons is committed to his employees. The company offers an ongoing program of human-resource management that focuses on training, retention, and career planning.—**Denise M. Brennan**

HOTEL/MOTEL MARKET: FOODSERVICE SALES	1987	1987	1987	1987 vs 1986		1988	1988	1988 vs. 1987		1993	1988 - 1992	
											% Compound Annual	
	Units	Sales	Purchases	%Sales Growth		Sales	Purchases	% Sales Growth		Sales	% Sales Growth	
		($000,000)	($000,000)	Nominal	Real	($000,000)	($000,000)	Nominal	Real	($000,000)	Nominal	Real
Hotels	15,800	10,032	3,065	2.3	(1.6)	10,493	3,206	4.6	0.6	13,885	5.8	1.5
Motels[1]	9,800	2,018	639	2.0	(1.9)	2,105	667	4.3	0.3	2,757	5.6	1.3
Total	25,600	12,050	3,704	2.2	(1.7)	12,598	3,873	4.5	0.5	16,642	5.7	1.5

[1] Includes motels and motor hotels.

22ND ANNUAL RGI

BUSINESS & INDUSTRY

While sales for the business and industry segment are projected to rise at a real compound annual growth rate of 2.0% through 1993, business and industry feeders are finding themselves competing not only with one another, but with commercial restaurateurs as well.

In fact, given all the recent consolidation in the B&I segment, some executives are now concerned that retail operations will cut into their bottom line even more than other B&I companies will.

BRANDING. Companies like Marriott, Greyhound, ARA Services, Morrison's Custom Management, and Canteen are signing agreements with large commercial operators like Pizza Hut, Dunkin' Donuts, Baskin-Robbins and—potentially—McDonald's to offer easily recognizable "branded" products in B&I venues.

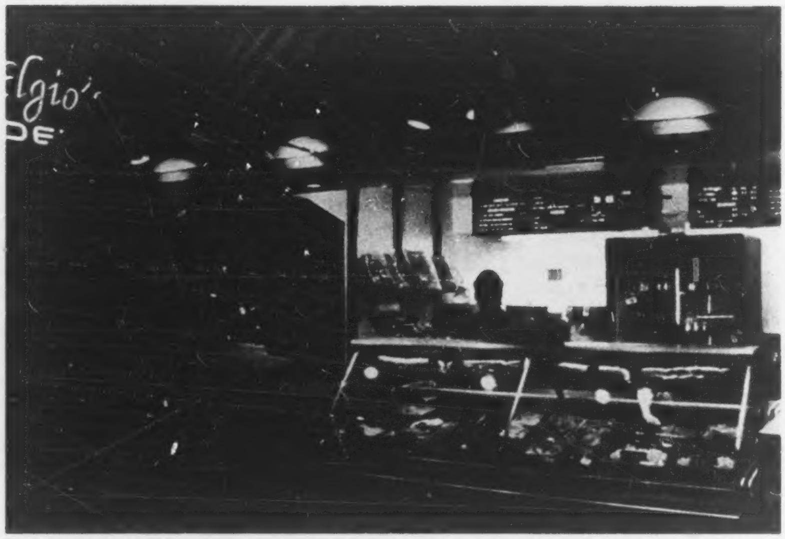
At the same time, these contract feeding companies are offering their own "conceptual branding" to try to hold on to the proverbial captive market. Using proprietary signage, design, and logos, companies are developing in-house concepts for pizza, deli and baked good products, salad bars, and burgers.

The company responsible for introducing the "branding" strategy to the segment is Marriott Corp. in Washington, DC. Its recent agreement with Pizza Hut will allow Marriott to open 900 kiosks or carts in business locations—as well as schools, hospitals, and airports. Marriott operates about 1,200 business accounts that are expected to generate $800 million in sales this year.

So far, Marriott is operating about five Pizza Hut carts in business accounts, but Charles O'Dell, senior vice president, Marriott Food and Services Management, says he expects that number to grow rapidly. The company is also conducting negotiations with other retail companies—it recently signed an agreement with the frozen yogurt chain TCBY—to bring additional branded names into the business market.

In addition, Marriott is currently investigating ways of introducing branded products into its vending machines. This will eventually allow the company to offer a selection of both hot and cold items that are produced by a well-known retail manufacturer via machine.

Branding and other commercial concepts are boosting participation.



Elgio's, daka's delicatessen concept, is part of the contract company's move into proprietary branded concepts.

While Marriott was the first to bring branded retail concepts to B&I accounts, it's no longer alone. Morrison's Custom Management (MCM), owned by Morrison Inc., Mobile, AL, is testing Baskin-Robbins products in two Los Angeles accounts and has established a "working arrangement" with McDonald's.

OPPORTUNITIES. The initial target of the McD-MCM agreement is the healthcare market. But John Pryor, vice president of sales and marketing for MCM, says the venture also allows the two partners to study "other unique contract feeding opportunities as they arise."

Parent company Morrison Inc.—which also operates the restaurant chains Ruby Tuesday and L&N Seafood Grill—is familiar with the attraction of the commercial segment, says I.V. Mashburn, MCM divisional vice president. "Commercial restaurants have raised customers' level of expectations. They've come to expect greater selection, higher food quality, and, in particular, price/value," he says.

MCM is not relying wholly on branded retail concepts, though. It has also developed a number of proprietary conceptual brands, such as Burgers, etc.; Peppers, Pizza, & Pasta; Daily Deli; and Cisco's Mexican Fiesta.

ARA Services in Chicago is also joining the "branding" battle. The company recently signed an agreement with Randolph, MA-based Dunkin' Donuts. According to David Hatch, vice president of marketing for the Business Services Group, ARA anticipates having 40 loca-

1987: $14,065,000,000
+ 1.9% Real Sales Growth

1988: $15,140,000,000
+ 3.4% Real Sales Growth

1993: $20,534,000,000
+ 2.0% Real Sales Growth

tions offering Dunkin' Donuts products within the next nine months. ARA is already operating 15 to 20 accounts in the Detroit area.

Moreover, the giant contract feeder is, like Marriott, studying the feasibility of offering branded products in its vending machines.

Conceptual branding remains one of the most popular methods for B&I companies seeking to establish product recognition. While TW Services' Canteen Corp., based in Chicago, is conducting negotiations with an unnamed retail company, it continues to feature its own conceptual brands such as "Classy Cookies," "Bigger Better Biscuits," and "Pazzelli's Pizza."

Canteen is also expanding its self-service counters that sell both hot and cold dishes by the ounce. "Ten years ago, this was unheard of in business accounts," points out Paul Duffy, senior vice president for Canteen's 1,700-account business and industry division. "But today, with more pressure coming from companies looking to cut subsidies, it's proving to be a solid cost-saving strategy."

COST CUTTING. The desire of clients to reduce subsidies has placed most contractors under pressure to control the bottom line. And in larger accounts, branding has certainly helped generate incremental sales. However, not all B&I executives believe branding is the answer. Terry Vince, chairman of Wakefield, MA-based daka Inc., says that while his company could easily tie in with Fuddrucker's—which the contract feeder acquired last year—he's afraid the quality of the product would be compromised. "Unless we were to use a separate kitchen and have a district manager overseeing it, I think we'd lose control of the product," he says.

Yet Vince agrees that branding has its place in business and industry. daka currently operates a proprietary deli operation called "Elgio's" as well as a fast-food-style unit called "J.P. Swift."

Joseph Fassler, president and COO of Phoenix-based Greyhound Food Management, says branding is certainly one factor in his company's strategy—and to that end, he has entered into negotiations with an unnamed commercial company. But Fassler emphasizes that branding by itself is not enough: Contract feeders must also be prepared to take other measures (such as making decor improvements) to counter the lure of the commercial establishments.

TAKE-OUT. Some operators are boosting the bottom line by adapting other strategies that have proven successful for commercial feeders. For example, Bill Lembach, director of foodservice for the Eastman Kodak Co. in Rochester, NY, has found that take-out offered on site adds to the bottom line.

Currently, employees at Eastman Kodak purchase such baked goods as pies, cakes, muffins, and donuts for home consumption from retail bakery outlets around the plant. They can also buy freshly ground hamburger in 10-lb. containers for home use. "The bakery take-out works exceptionally well all year long," says Lembach. "The ground hamburger sells best during the summer months."—**Paul Frumkin**

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BUSINESS & INDUSTRY MARKET: FOODSERVICE SALES	1987 Units	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth Nominal	Real	1988 Sales ($000,000)	1988 Purchases ($000,000)	1988 vs. 1987 % Sales Growth Nominal	Real	1993 Sales ($000,000)	1988-1992 % Compound Annual Sales Growth Nominal	Real
Business & Industry Internal Feeding	N/A	2,391	1,196	0.1	(3.8)	2,422	1,211	1.3	(2.6)	2,464	0.3	(3.7)
Business & Industry Contract	N/A	11,674	5,837	7.2	3.1	12,718	6,359	8.9	4.7	18,070	7.3	3.0
Total	16,000	14,065	7,033	6.0	1.9	15,140	7,570	7.6	3.4	20,534	6.3	2.0

NOTE: Sales estimates have been adjusted to reflect equivalent consumer expenditures, in noncommercial operations where a food sale, per se, does not take place.
Estimates exclude vending operations.
Estimates exclude alcoholic beverages.

HEALTH CARE

Deregulation and rising costs are increasing the role of foodservice.

As competition in the health-care industry gets tougher, the demands on foodservice get tougher, too. In the wake of deregulation and rising costs, hospitals are finding that the role of marketing is increasing in importance, and that poses new challenges.

Changes in third-party payment programs have meant shorter stays and sicker patients at acute-care facilities, and the aging of the population has opened up a significant market in long-term facilities.

According to RGI data, the segment is expected to experience real compound annual growth of 1.0% over the next five years, led by advances of 4.5% per year in the contract subsegment.

BRIGHT OUTLOOK. Indeed, the outlook for contract foodservice management looks bright within the health-care segment. "This is definitely a growth area for us," says Jim Kahl, senior vice president for education and health-care services with Marriott Corp., which expects growth of 15% annually within its health-care operations. With more than 400 accounts in health-care facilities in the United States and Canada, Marriott is the largest contract company in the segment. Like many of its competitors, the company is focusing on the dietary needs of a sicker patient, while at the same time offering customized programs that are viewed as "guest services": complimentary fruit baskets delivered upon admission, early-bird coffee and newspapers, room service for patients and guests, and "proud new parent" meals.

In addition, Marriott is also using restaurant-style menus and merchandising techniques in the restaurants and coffee shops that it operates in its health-care accounts, and in its staff dining facilities.

Recently, the company has become involved in several business ventures intended to expand the roster of services it can offer to its clients. In April, Marriott became a minority shareholder in Corporate Child Care Inc., which provides employer-sponsored child-care services at a number of facilities, more than half of them hospitals.

In addition, this summer Marriott acquired United HealthServ Inc., a major housekeeping maintenance and laundry services company. When fully integrated with existing operations within Marriott's Food and Services Management division, the acquisition will enable Marriott to aggressively pursue business in allied service areas.

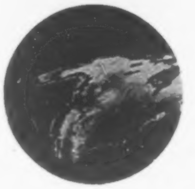
Marriott's snack cart service at Stanford (CA) University Hospital, is typical of the market-driven options the company offers its health-care clients.

EXPANDING. Foodservice managers are looking to expand their base. According to Bill Edmundson, president of the health-care nutrition services division of ARA Services, Philadelphia, the goal of the foodservice department is to become "the retail arm of the hospital. We're not trying to get out of foodservice, mind you," he says, "but to add on more cash operations to the patient-care side of the business." In ARA's case, this means more vending, more convenience stores and gift shops, and more catering, among other things.

Edmundson notes that special patient services, such as hostess programs, VIP floors, and gourmet meals for new parents, have become part of the foodservice department's stock-in-trade, but it's still somewhat of a hard sell to cost-conscious administrators.

Within continuing-care facilities, quality and ambience appear to be key marketing concepts. ARA manages about 100 long-term facilities (retirement communities, assisted-living facilities, and nursing homes), and according to Edmundson, "this market is really going to grow" as the population ages.

ARA operates a large long-term care facility in Fort Myers, FL, where some 550 residents live in their own apartments and take the evening meal in a central dining facility. In addition, ARA provides all foodservice to approximately 150 residents in an assisted-living setting, and 180 nursing-home patients, and also operates an on-site convenience store and an ice cream parlor.



1987: $13,783,000,000
+ 0.6% Real Sales Growth

1988: $14,416,000,000
+ 0.5% Real Sales Growth

1993: $18,631,000,000
+ 1.0% Real Sales Growth

Canteen is another company that has targeted the long-term care market as part of its drive into health-care feeding. At present, the Chicago-based company has about 75 accounts in health-care facilities, about half of which are in long-term care. As part of a concerted attempt to position itself as a brand—rather than a commodity—in the foodservice management sector, the company has developed numerous programs that will enable it to seek new business in the health-care market. According to Harold L. Ritchie, vice president, marketing and foodservices, the company has its sights set on 20% to 30% annual growth in health care, beginning in 1990. "Now that we have our new infrastructure in place, we are approaching the health-care market aggressively," notes Ritchie.

Although Canteen is seeking any viable new business in the health-care sector, the company sees long-term care as being a particularly promising market. Among its current long-term care accounts are the Presbyterian Home in Evanston, IL, a combination facility with retirement, assisted-care, and nursing-home accommodations, and Covenant Village, a retirement community in Northbrook, IL. According to Edna Mitchell, R.D., director of health-care operations and program development for Canteen, upscale, restaurant-style dining facilities and menus are in demand.

Among the resources that Canteen has created in its drive into the health-care market are comprehensive diet manuals geared to the needs of acute-care, long-term care, and patrons who keep kosher. In addition, the company has developed a spectrum of educational products geared to the dietary needs of discharged patients. And within its cafeteria operations, Canteen has taken a page from its B&I sector with the successful implementation of programs such as the Pazzelli's branded pizza product.

PECULIAR PROBLEMS. The health-care market, however, does present some peculiar problems. Terry Vince, chairman of Wakefield, MA-based daka Inc., points out that because of third-party payment schedules, the contractor must have a long line of credit in order to stay liquid, a situation that is particularly daunting for the smaller contract company. For this reason, says Vince, daka is not actively pursuing additional business in the sector, although it does provide foodservice in about 30 facilities.

Certainly, the goals and philosophy of a facility's administrators are crucial concerns for the foodservice department. One goal that is growing in prominence is the addition of cash-generating operations. Mary Spicer, director, food nutrition services/facilities coordinator for AMI Doctors' Hospital, Lanham, MD, points out that prior to the implementation of Diagnostic Related Groups (DRGs), administrators were not nearly as concerned with profitability. But because the DRG system has the net impact of decreasing the average hospital stay and of keeping less-sick patients out of the hospital, administrators are actively seeking new ways to contain costs and find profits. At AMI Doctors' Hospital, this has led to new programs including a growing catering service and specialty items in the cafeteria, such as scratch-made cookies and baked goods, frozen yogurt, and salad bars. **–Joan Lang**

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HEALTH CARE MARKET: FOODSERVICE SALES	1987 Units	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth Nominal	Real	1988 Sales ($000,000)	1988 Purchases ($000,000)	1988 vs. 1987 % Sales Growth Nominal	Real	1993 Sales ($000,000)	1988-1992 % Compound Annual Sales Growth Nominal	Real
Hospitals-Internal	6,985	7,536	3,769	3.5	(0.5)	7,707	3,853	2.3	(1.7)	9,003	3.2	(1.0)
Nursing Homes-Internal	**25,650**	**3,490**	**1,745**	**5.0**	**1.0**	**3,682**	**1,841**	**5.5**	**1.4**	**4,994**	**6.3**	**2.0**
Hospitals and Nursing Homes-Contract (1)	—	2,757	1,378	7.3	3.2	3,027	1,514	9.8	(5.6)	4,634	8.9	4.5
Total	**32,635**	**13,783**	**6,892**	**4.6**	**0.6**	**14,416**	**7,208**	**4.6**	**0.5**	**18,631**	**5.3**	**1.0**

1. Contract units are included in the totals for Hospitals—Internal and other institutions.
NOTE: Sales estimates have been adjusted to reflect equivalent consumer expenditures, where a food sale, per se, does not take place.
Estimates exclude alcoholic beverages.
Hospitals include long-term and short-term; public, private, and military; general as well as psychiatric and other special institutions.

STUDENT

Demographics and cost concerns are creating new challenges.

Cost controls often breed creativity, a fact that appears to be particularly true in the student market. As commodity programs dry up and taxpayers say "enough" to tax increases, school foodservice directors are turning to innovations in marketing and productivity to boost participation. And, as colleges and universities continue to compete for matriculants, foodservice is being sharpened as a viable weapon.

UPBEAT. Across the country, the mood is upbeat—despite the fact that of all industry segments, the student market is expected to grow the least over the next five years, at a projected 0.7% rate of compound annual real growth. This past year was particularly slow; the sector realized just 0.8% real growth, down from 1.2% in 1987.

Still, foodservice directors and contract management executives feel that much is to be gained. Contract companies, in particular, feel optimistic, and RGI data bear out that optimism: Contract feeding in primary and secondary schools is projected to grow by 7.7% a year, in real terms, through 1993, and in colleges and universities by 1.5%.

Canteen Corp., Chicago, is a contract company poised to take advantage of the market. As administrators are pressured by rising costs, Canteen executives reason, they'll turn to contractors in ever-increasing numbers. The company is gearing up for 20% to 30% annual growth in the college/university market and is already experiencing growth of 15% to 20% in the primary school market.

In primary schools, Canteen approaches the market through its Preferred Meals division, which provides chilled, preplated meals to grades K-6.

BRANDED. In the college/university market, Canteen, having repositioned to offer itself as a "brand"—not a "commodity"—in the contract segment, is taking a creative approach. Recently, it signed the papers to operate two facilities in the student union at the University of California, Irvine (UCI).

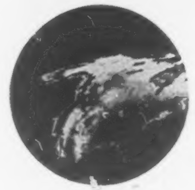
Mike Berry, who supervises UCI's foodservice program, reports that enrollment will swell from 16,000 to 26,000 by the year 2004; over $400 million is being spent on enlarging campus facilities, including about $9 million on foodservice. Canteen will operate a new food court in the student union, with pizza/pasta, Asian, New York-style deli, and El Pollo Loco serveries (El Pollo Loco, which specializes in marinated, grilled chicken, is owned by Canteen parent TW Services). A Carl's Jr. hamburger outlet, licensed under separate arrangement, will share space in the food court. In addition, Canteen will operate the Campus Pub.

At the University of Notre Dame, Notre Dame, IN, foodservice consists of a board program for 7,000 students, dining halls in clerical and seminary residences, a food mall in the student center (annual sales: $1.9 million), on-campus catering and vending operations, and several other cash facilities.

William J. Hickey Jr., director of university food services, stresses the importance of choice. The food mall offers over 200 menu items, including pizza, barbecue from a glassed-in display pit, and stir fries from a double-wok exhibition station. Board students choose from fast-food items like chicken patty sandwiches, vegetarian and deli selections, and a variety of other types of fare.

"Choice" does indeed seem to be a theme of student foodservice, and food court facilities occupy the cutting edge of choice. Washington, DC-based Marriott Corp., with more than 450 college accounts, offers clients its Grand Marketplace concept—any combination of serveries ranging from La Cuisine (upscale items such as lobster and blackened fish) to Greenstuffs (salad by the ounce), Cafe Olé (Mexican food), the Hollywood Grille (grilled sandwiches), and Sweet Sensations (desserts and other baked goods).

Marriott provides foodservice at more than 450 college and university accounts. Shown is a student dining facility at the University of North Carolina.



1987: $18,840,000,000
+ 1.2% Real Sales Growth

1988: $19,741,000,000
+ 0.8% Real Sales Growth

1993: $25,119,000,000
+ 0.7% Real Sales Growth

MORE CHOICES. In addition, Marriott recently signed an agreement with Pizza Hut to offer that company's Personal Pan pizza throughout its Food & Services Management accounts, in the student, B&I, and health-care sectors.

There's plenty of opportunity for smaller contract companies, too. daka Inc., a 400-account foodservice management company located in Wakefield, MA, is aggressively pursuing accounts in medium-sized colleges, universities, and prep schools. The company has about 150 accounts in the education sector. daka's philosophy, says chairman Terry Vince, is to keep a low profile and function as an "insider," rather than a "contractor."

Like many foodservice management companies, daka emphasizes "branded" concepts, such as its J.P. Swift fast-food and Elgio's deli operations.

The marketing appeal of "choice" is no less important in grades K-12. "Choice is the name of the game for kids," says Gary Blackburn, field marketing manager for Marriott's School Food Service Division, Portland, OR.

The division, with 175 accounts nationally and annual growth projections of 20%, uses a variation of Marriott's Grand Marketplace food court concept in secondary schools, offering a minimum of six servery formats. In elementary schools, it incorporates diversity with salad and variety bars (such as taco or potato bars), and by offering students a choice of entrees. A Pizza Hut kiosk is also used in a secondary school in Marriott's new Granite School District account in Salt Lake City, which has 75,000 students at 94 sites.

Less than 10% of the K-12 market is contracted, offering great opportunity for contract foodservice management companies. Constance B. Girard-di-Carlo, president of ARA Services' School Nutrition Services division, Philadelphia, notes that the market is open to vast change. The ARA division, with about 200 accounts, educates the educators to the benefits of foodservice management. These benefits include lower food and labor costs, and more sophisticated marketing programs, including ARA's Restaurant Collection of branded serveries like Gretel's Bake Shop, Deli and Salad "corners," Grille Works, and the Bagel Wagon, as well as ARA's very successful Itza Pizza product.

The other 90% of the K-12 market, the self-managed schools, are also quite innovative. At Portland (OR) Public Schools, a cook/chill system, operated out of a central kitchen, has been used for some 10 years, says Bob Honson, director of nutrition services. The central kitchen has allowed the district to expand into catering, and to modify production and recipes to follow dietary standards.**–Joan Lang**

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STUDENT: MARKET: FOODSERVICE SALES	1987 Units	1987 Sales ($000,000)	1987 Purchases ($000,000)	1987 vs. 1986 % Sales Growth Nominal	1987 vs. 1986 % Sales Growth Real	1988 Sales ($000,000)	1988 Purchases ($000,000)	1988 vs. 1987 % Sales Growth Nominal	1988 vs. 1987 % Sales Growth Real	1993 Sales ($000,000)	1988-1992 % Compound Annual Sales Growth Nominal	1988-1992 % Compound Annual Sales Growth Real
Primary & Secondary Schools -Internal	89,000	11,765	5,883	5.7	1.6	12,351	6,176	5.0	0.9	15,380	4.5	0.3
Primary & Secondary Schools - Contract	*	1,380	690	8.2	4.0	1,526	753	10.6	6.3	2,714	12.2	7.7
Colleges/Universities - Internal	3,350	3,018	1,313	2.8	(1.2)	3,049	1,327	1.0	(2.9)	3,302	1.6	(2.5)
Colleges, Universities - Contract	*	2,677	1,164	5.6	1.5	2,815	1,224	5.2	1.1	3,723	5.8	1.5
Total		18,840	9,050	5.2	1.2	19,741	9,490	4.8	0.8	25,119	4.9	0.7

NOTE: Sales estimates have been adjusted to reflect equivalent consumer expenditures, where no food sale, per se, has taken place.
School estimates include government commodities and milk.
Estimates exclude alcoholic beverages.
* Total unit count is given in the internal total.

22ND ANNUAL RGI

AIRLINES

Despite consolidation and the elimination of dozens of weaker companies, competition is tougher than ever in today's deregulated airline industry. True, there are fewer carriers. But customers now exhibit a brand loyalty never before seen in the industry, airline executives claim, due largely to the incentive of free trips from frequent flyer programs.

To survive, airlines must attract and retain customers like never before. And in-flight service and amenities, particularly food, are seen as crucial.

During the fare wars of the last decade, airlines found reducing foodservice was a way to gain breathing room while revenues were declining. Why not cut foodservice? Passengers really don't care about airline food anyway, they rationalized.

COST SQUEEZE. "The cost squeeze is still on today," says Philip Cooke, executive administrator of the Louisville, KY-based Inflight Foodservice Association (IFSA). "But the thinking about foodservice has come full-circle. Airlines are deciding that food is an important marketing tool and point of difference from the competition."

Passenger loads continued to increase in 1988, with boardings by U.S. scheduled carriers reaching 455 million, up from 447 million in 1987, according to the Air Transport Association (ATA), Washington, DC.

However, the airline industry's real growth in equivalent consumer expenditures (the equivalent of sales in a noncommercial segment where an actual sale does not occur) is slowing. Real growth in 1988 registered 6.9%, down from 8.8% the year before, according to RGI data. The extended outlook from 1988 to 1993 calls for a further slowing to 4.5% real growth.

Consolidation among airlines is changing the face of the segment.

Nevertheless, the airlines spent more on foodservice. Passenger meal expenditures rose to $1.8 billion in 1988, up from $1.6 billion in 1987, says the ATA.

"From the caterer's point of view, we're not being nickeled and dimed to death," says Michael Marchant, vice president of sales and marketing-foodservices for Flushing, NY-based Ogden Allied Aviation Services, a $150 million in-flight caterer. "The airlines are saying, 'Show us what you can do' rather than 'Do it as inexpensively as possible'."

"There's a clear trend of trying to make in-flight foodservice a memorable experience," concurs vice president of marketing and sales George Alvord of Memphis-based Dobbs International Services Inc., a Marriott Corp. subsidiary and the nation's second largest inflight caterer.

These days, Dobbs' client carriers are asking for items such as New York-style deli sandwiches, grilled mesquite chicken, and assortments of appetizers. There are more salads, poultry, and seafood, and generally more fresh, rather than frozen, food.

Many travelers today pack their health and nutrition consciousness when they journey. "There's no doubt that there's a greater concern for nutrition

Dobbs' strategy is to make its in-flight foodservice memorable.

with a minimum impact on cost," says George Haupt, president of IFSA and a dining services executive with United Airlines.

For example, breakfast on United Airlines flights no longer automatically means eggs. Passengers have a choice of several items, such as cold cereal with fruit and french toast. In addition, the carrier has replaced the customary butter pat on its meal trays with margarine.

Delta Airlines passengers enjoy *muesli* muffins, oat bran muffins, and natural grain bread. The carrier has revamped its menus to reduce fats, eliminate MSG and sulfites, and replace saturated tropical oils with soybean oil in cooking.

In Delta's first-class cabins, foodservice on long-haul flights includes canapés, a salad service with several dressings, choice of three entrees, fruit and cheese, ice cream sundaes, and premium varietal wines.

One airline stands out for the emphasis it puts on food. Since its founding five years ago, privately held Milwaukee-based Midwest Express has used food as an integral part of its marketing, which primarily targets business travelers.

TOP OF THE LINE. Midwest Express spends about $11 on a meal versus the industry average of $4 to $5. Breakfast features Champagne or mimosas, and selections such as eggs Benedict, sourdough french toast with lingonberry sauce, and asparagus omelets. A typical dinner can include saltimbocca Romana or lobster Thermidor topped off by a dessert of pears Helene.

Airlines have additional reasons for upgrading foodservice. Ones with separate business-class service use upscale meals to bestow appreciation on business travelers who pay full fares, particularly on international routes, points out Ogden Allied's Marchant.

The lucrative potential of international markets such as Australia, Korea, Japan, and the Soviet Union was a motivation behind the recent buyout of Marriott Corp.'s $800-million In-Flite Services division, the world's leading in-flight caterer, by a group of senior company management.

The group, headed by executive vice president Daniel J. Altobello, is paying an estimated $550 million to $700 million for the division, which operates 108 flight kitchens at 45 U.S. and 38 foreign airports. Their new company, Caterair International, based in Rockville, MD, will have the right to use the Marriott name for five years.

Altobello projects that annual growth of the division will slow initially from 12% to 8%, but it will boom in the next few years as expected new international markets open up.

NAME BRANDS. With carriers endeavoring to serve meals up to commercial restaurant standards, it is only logical to consider serving foods from brand name restaurants. Buffalo, NY-based Concession Air, a subsidiary of the Delaware North Companies, sends croissants into the skies freshly baked by its joint venture partner the Au Bon Pain bakery/restaurant chain, on flights of the commuter airline Comair in Cincinnati.

1987: $3,244,000,000
+ 8.8% Real Sales Growth

1988: $3,610,000,000
+ 6.9% Real Sales Growth

1993: $5,526,000,000
+ 4.5% Real Sales Growth

"Putting a brand name in the air is an exciting marketing concept, but it's often difficult to execute," points out Concession Air's vice president of operations services Bob Arnold.

Many foods simply don't weather the chilling, heating, and dehydration of inflight foodservice. Holding time is an issue for fast foods. Even if a carrier has a restaurant signature item that works well, the originator of the item is frequently critical of how it turns out aloft. But Arnold thinks that some items are a natural for inflight.

Upgraded foodservice should greet passengers for some time, provided carriers and caterers stay a step ahead of the cost squeeze. In the future, they will increasingly turn to high-tech solutions to cope with cost. An example is the electronic pricing system linking Dobbs and United Airlines, one of its major clients. The system automatically transfers new price data when menus and costs change.

–James Scarpa

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AIRLINE MARKET FOODSERVICE SALES	1987	1987	1987	1987 vs. 1986		1988	1988	1988 vs. 1987		1993	1988 - 1992	
	Units	Sales ($000,000)	Purchases ($000,000)	% Sales Growth		Sales ($000,000)	Purchases ($000,000)	%Sales Growth		Sales ($000,000)	% Compound Annual % Sales Growth	
				Nominal	Real			Nominal	Real		Nominal	Real
Airlines	30	3,244	1,622	13.1	8.8	3,610	1,805	11.3	6.9	5,526	8.9	4.5

NOTE Sales estimates have been adjusted to reflect equivalent consumer expenditures, where no food sale, per se, has taken place.
Airline estimates reflect in-flight operations only. Terminal operations are included within Separate Eating & Drinking Places.

METRO AND ADI REPORT

To illustrate the value of RGI, two metro markets—Phoenix and Oklahoma City—have been selected for comparison purposes. Both are state capitals and are "magnet" cities that draw customers from beyond the metro boundaries. Phoenix is a major resort center as well as a growing business center. Oklahoma City has the state fair grounds, is centrally located in the state, and is a major job market. Phoenix has nearly two-thirds of the state population, while Oklahoma City is home to about 30% of its state population. Phoenix is about twice the size of Oklahoma City.

RAI AND RGI. Phoenix's RGI, at 117, indicates that fundamental demand in the market could support 17% growth above current levels. Its RAI (propensity of residents to eat out) of 98 is below (-2%) the national average.

Oklahoma City's RGI is 67, 33% below the point where supply equals demand, indicating a market that is saturated. In contrast, its RAI, at 114, indicates a relatively high propensity to eat out.

Fast-food sales in the Phoenix market constitute 35% of total eating place sales, which is 7.9% below the national average of 38%. In contrast, Oklahoma City has a fast-food market share of 46%, 21% above the national average. The situation reverses dramatically when considering restaurant market share. Phoenix's restaurants generated 51% of total eating place sales, 9% above the national average of 47%. Oklahoma City's restaurant market's share is only 37%, which is 21% below the national average.

The next step is to examine per capita sales figures. The following national averages should be used as a base: U.S. per capita eating place sales are $603; fast-food sales are $230; and U.S. per capita restaurant sales are $286. Phoenix enjoys significantly higher per capita eating place and restaurant sales of $729 and $364, respectively, and better-than-average per capita fast-food sales of $251. Phoenix is a solid but not spectacular performer in terms of eating place sales per capita, ranking in the bottom 40% in fast food sales per capita, and in the top 25% in restaurant sales per capita.

By comparison, Oklahoma City enjoys per capita eating place sales of $739 (placing it in the top 25%), and per capita fast food sales of $341 (for a position in the top 5%). In terms of per capita restaurant sales, however, Oklahoma City captures $274, slightly less than the national average but still within the top 50% of the total market.

In terms of Effective Buying Power per capita, Phoenix ranks in the top 30%, with $12,809, and Oklahoma City ranks in the bottom 30%, with $10,236.

With regard to population per eating place unit, the U.S. average is 856 individuals per unit. Phoenix is 2.3% above the national average, with 876 individuals per unit. Oklahoma City is 28.9% below average with 608 individuals per eating place unit.

RGI data can be used to evaluate and compare markets in a variety of ways.

DEFINITIONS

POPULATION. Updated from the 1980 U.S. Census of Population and Housing, this is an estimate of the number of people living in an area at the end of the year. It includes people living in colleges and hospitals, and armed forces permanently assigned to the area, but excludes tourists and transients. Large changes in group-quarters populations are not projected in these forecasts.

Demographic statistics have been estimated by a population component procedure—independent county estimates of births, deaths, and migration. These population components are aggregated and either added to or subtracted from the appropriate benchmark.

Fertility rates, for example, have been projected at their current rate of change. Similarly, we have assumed that current mortality rates will continue unmodified.

HOUSEHOLD. A household consists of all the people occupying a single housing unit under 1980 Census rules. The members of a household need not be related, and a single person living alone in a housing unit is also counted as a household.

All persons who are not members of households are regarded as living in group quarters, which includes institutions, college dormitories, and military barracks. Caution: Although a county's population total includes all the people in the area, the household total does not do so because it excludes those living in group quarters.

AVERAGE HOUSEHOLD SIZE. Total population divided by the number of households. Depending upon whether it is above or below the U.S. average, it is used as a rough indicator of the relative importance of family-type units or single-person units in a local area.

However, the figure can be artificially high in those relatively few counties where there is a disproportionate share of college, military, or other types of institutional population.

EFFECTIVE BUYING INCOME (EBI). Personal income less personal tax and nontax payments, also known as Disposable Personal Income.

EATING AND DRINKING PLACES. Includes establishments selling prepared foods and drink for consumption on or near the premises or for take-out; lunch counters and refreshment stands selling prepared foods and drinks for immediate food contractors; and leased eating and/or drinking concessions in theaters, hotels, amusement parks, etc. Restaurants and lunch counters operated by department stores are classified in the General Merchandise Group; those operated by hotels are classified in the Hotels Group.

EATING PLACES. Include retail sales and units of restaurants and lunch rooms, social cafeterias, fast-food sales,

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METRO AND ADI REPORT

FOOTNOTE TO SALES FIGURES

Adjusting of separate eating and drinking place sales figures to be comparable to the approach of current Retail Trade Reports.

After adjustments for differences in what current Retail Trade Reports includes in eating place sales, both in what is included in reported sales by segment and the segments themselves, the eating place sales figure in Technomic's forecast and analysis section rises from $145,800,000,000 to $153,497,000,000, an increase of $7,697,000,000, or 5.3%. Components of the adjustment are:

1. Technomic includes only sales of food (meals, snacks, and nonalcoholic beverages) and alcoholic beverages. Adjusting for merchandise line items results in a deduction of $1,687,000,000.

2. Technomic does not include contract feeders in eating places as current Retail Trade Reports does, but rather shows sales in the segments they serve. Adjusting for the inclusion of contract feeders adds $9,381,000,000, a figure higher than the Census of Retail Trade.

Adjustments of separate eating place sales figure to be comparable to current Retail Trade Reports.

Technomic includes only sales of food (meals, snacks, and nonalcoholic beverages) and alcoholic beverages. Adjusting for merchandise line items results in a deduction of $492,000,000, or 4.0%, to $11,212,000,000.

The adjusted separate eating and drinking place sales figure increases from $157,504,000,000 to $164,709,000,000, an increase of $7,205,000,000, or 4.6%.

SOURCE: TECHNOMIC INC.

contract feeding, and ice cream and frozen custard stands. Exclude drinking place sales and units.

RESTAURANTS. Establishments engaged in serving prepared food and beverages selected by the patron from a full menu. Waitservice is provided and the establishment has seating for at least 15 patrons. These establishments often serve alcoholic beverages.

Establishments in which sales of alcoholic beverages for consumption on the premises exceed receipts from sales of prepared foods and nonalcoholic beverages are classified as "drinking places."

FAST FOOD. Establishments with limited menus. Included in this group are establishments that prepare refreshment items such as pizza, barbecued chicken, and hamburgers for consumption either on or near the premises or for carry-out consumption.

MARKET SHARE. Represents the percent of eating places from fast-food units or from restaurants. It is indicative of customer preference of these types of establishments in that area.

RESTAURANT ACTIVITY INDEX (RAI). The percent of U.S. eating place sales divided by the percent of U.S. food store sales, expressed as an index. An index greater than 100 indicates a greater than average propensity to eat out rather than at home.

RESTAURANT GROWTH INDEX (RGI). The RGI is designed to show the relationship between restaurant supply and demand market as an index. When supply equals demand, the index is 100. The amount by which the RGI exceeds 100 represents the proportion of growth potential. For example, an index of 120 means that the market could support 20% growth. When the market is saturated, the index will drop below 100.

Demand is measured by six factors:

- market's share of U.S. employed women;
- market's share of U.S. working women;
- market's share of U.S. households with effective buying income of $25,000 or more;
- market's share of U.S. eating place sales;
- market's share of U.S. hotel and motel receipts; and
- market's share of U.S. population age 14 and under, and 25 to 44.

These factors are given equal weight and added together to create the demand portion of the equation. Supply is measured by the percentage of U.S. total eating places located in the market. The RGI is created by dividing demand by supply, and multiplying the result by 100, so that the final figure will be in index form.

TELEVISION MARKETS. The TV markets are the American Research Bureau's Areas of Dominant Influence (ADIs). ARBITRON studies each county for its measurable viewing patterns. The hours of viewing attributed to each TV station whose signal reaches the county are totaled; then each station's percentage share of total viewing hours is calculated. The market of origin of the TV stations with the largest share of viewing hours becomes the ADI name for that market, and all counties whose largest viewing share is given to stations of that same market of origin are grouped within the ADI.

METROPOLITAN STATISTICAL AREAS (MSAs). In the RGI, metropolitan markets are identical to the Federal government's definition of MSAs or PMSAs (Primary Metropolitan Statistical Areas), except in New England, where NECMAs (New England County Metropolitan Areas) are used.

The basic criteria for metropolitan areas are: Each metropolitan statistical area must include a city that, with contiguous and densely settled territory, constitutes a Census Bureau-defined urbanized area with a population of at least 50,000. If a metropolitan statistical area's largest city has a population of less than 50,000, the area must have a total population of at least 100,000.

This information was provided by Market Statistics, a division of Bill Communications. All data are copyrighted by Restaurant Business *and* Sales & Marketing Management *magazines.*

METROPOLITAN STATISTICAL AREAS

This section of the Restaurant Growth Index describes the geographic make-up of each of the Metropolitan Statistical Areas as defined by the U.S. Census.

A

Abilene, TX—Taylor
Akron, OH—Portage, Summit
Albany, GA—Dougherty, Lee
Albany-Schenectady-Troy, NY—Albany, Greene, Montgomery, Rensselaer, Saratoga, Schenectady
Albuquerque, NM—Bernalillo
Alexandria, LA—Rapides
Allentown-Bethlehem, PA—
  New Jersey Portion—Warren
  Pennsylvania Portion—Carbon, Lehigh, Northampton
Altoona, PA—Blair
Amarillo, TX—Potter, Randall
Anaheim-Santa Ana, CA—Orange
Anchorage, AK—Anchorage
Anderson, IN—Madison
Anderson, SC—Anderson
Ann Arbor, MI—Washtenaw
Anniston, AL—Calhoun
Appleton-Oshkosh-Neenah, WI—Calumet, Outagamie, Winnebago
Asheville, NC—Buncombe
Ashland, KY (See Huntington-Ashland)
Athens, GA—Clarke, Jackson, Madison, Oconee
Atlanta, GA—Barrow, Butts, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinett, Henry, Newton, Paulding, Rockdale, Spalding, Walton
Atlantic City, NJ—Atlantic, Cape May
Attleboro, MA (See New Bedford-Fall River-Attleboro)
Auburn, ME (See Lewiston-Auburn)
Augusta, GA—
  Georgia Portion—Columbia, McDuffie, Richmond
  South Carolina Portion—Aiken
Aurora-Elgin, IL—Kane, Kendall
Austin, TX—Hays, Travis, Williamson

B

Bakersfield, CA—Kern
Baltimore, MD—Anne Arundel, Baltimore, Baltimore City, Carroll, Hartford, Howard, Queen Anne's
Bangor, ME—Penobscot
Baton Rouge, LA—Ascension, East Baton Rouge, Livingston, West Baton Rouge
Battle Creek, MI—Calhoun
Bay City, MI (See Saginaw-Bay City-Midland)
Beaumont-Port Arthur, TX—Hardin, Jefferson, Orange
Beaver County, PA—Beaver
Bellingham, WA—Whatcom
Beloit, WI (See Janesville-Beloit)
Benton Harbor, MI—Berrien
Bergen-Passaic, NJ—Bergen, Passaic
Bethlehem, PA (See Allentown-Bethlehem)
Billings, MT—Yellowstone
Biloxi-Gulfport, MS—Hancock, Harrison
Binghamton, NY—Broome, Tioga
Birmingham, AL—Blount, Jefferson, St. Clair, Shelby, Walker
Bismarck, ND—Burleigh, Morton
Bloomington, IN—Monroe
Bloomington-Normal, IL—McLean
Boca Raton, FL (See West Palm Beach-Boca Raton-Delray Beach)
Boise, ID—Ada
Boston-Lawrence-Salem-Lowell-Brockton, MA—Essex, Middlesex, Norfolk, Plymouth, Suffolk
Boulder-Longmont, CO—Boulder
Bradenton, FL—Manatee
Brazoria, TX—Brazoria
Bremerton, WA—Kitsap
Bridgeport-Stamford-Norwalk-Danbury, CT—Fairfield
Bridgeton, NJ (See Vineland-Milville-Bridgeton)
Bristol, CT (See Hartford-New Britain-Middletown-Bristol)
Bristol, TN (See Johnson City-Kingsport-Bristol)
Brockton, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Brownsville-Harlingen, TX—Cameron
Bryan-College Station, TX—Brazos
Buffalo, NY—Erie
BUFFALO-NIAGARA FALLS CONSOLIDATED AREA—Metro Areas: Buffalo, Niagara Falls, NY
Burlington, NC—Alamance
Burlington, VT—Chittenden, Grande Isle

C

Canton, OH—Carroll, Stark
Casper, WY—Natrona
Cedar Falls, IA (See Waterloo-Cedar Falls)
Cedar Rapids, IA—Linn
Champaign-Urbana-Rantoul, IL—Champaign
Charleston, SC—Berkeley, Charleston, Dorchester
Charleston, WV—Kanawha, Putnam
Charlotte-Gastonia-Rock Hill, NC-SC—
  North Carolina Portion—Cabarrus, Gaston, Lincoln, Mecklenburg, Rowan, Union
  South Carolina Portion—York
Charlottesville, VA—Albemarle, Charlottesville, Fluvanna, Greene
Chattanooga, TN—
  Georgia Portion—Catoosa, Dade, Walker
  Tennessee Portion—Hamilton, Marion, Sequatchie
Cheyenne, WY—Laramie
Chicago, IL—Cook, DuPage, McHenry
CHICAGO-GARY-LAKE COUNTY CONSOLIDATED AREA—Metro Areas: Aurora-Elgin, Chicago, IL; Gary-Hammond, IN; Joliet, IL; Kenosha, WI; Lake County, IL
Chico, CA—Butte
Cincinnati, OH—
  Indiana Portion—Dearborn
  Kentucky Portion—Boone, Campbell, Kenton
  Ohio Portion—Clermont, Hamilton, Warren
CINCINNATI-HAMILTON CONSOLIDATED AREA—Metro Areas: Cincinnati, Hamilton-Middletown, OH
Clarksville-Hopkinsville, TN-KY—
  Kentucky Portion—Christian
  Tennessee Portion—Montgomery
Clearwater, FL (See Tampa-St. Petersburg-Clearwater)
Cleveland, OH—Cuyahoga, Geauga Lake, Medina
CLEVELAND-AKRON-LORAIN CONSOLIDATED AREA—Metro Areas: Akron, Cleveland, Lorain-Elyria, OH
College Station, TX (See Bryan-College Station)
Colorado Springs, CO—El Paso
Columbia, MO—Boone
Columbia, SC—Lexington, Richland
Columbus, GA—
  Alabama Portion—Russell
  Georgia Portion—Chattahoochee, Muscogee
Columbus, OH—Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, Union
Corpus Christi, TX—Nueces, San Patricio
Cumberland, MD—
  Maryland Portion—Allegany
  West Virginia Portion—Mineral

D

Dallas, TX—Collin, Dallas, Denton, Ellis, Kaufman, Rockwall
DALLAS-FORT WORTH CONSOLIDATED AREA—Metro Areas: Dallas, Fort Worth-Arlington, TX
Danbury, CT (See Bridgeport-Stamford-Norwalk-Danbury)
Danville, VA—Danville, Pittsylvania
Davenport-Rock Island-Moline, IL-IA—
  Illinois Portion—McHenry, Rock Island
  Iowa Portion—Scott
Dayton-Springfield, OH—Clarke, Greene, Miami, Montgomery
Daytona Beach, FL—Volusia
Decatur, AL—Morgan
Decatur, IL—Macon
Delray Beach, FL (See West Palm Beach-Boca Raton-Delray Beach)
Denison, TX (See Sherman-Denison)
Denver, CO—Adams, Arapahoe, Denver, Douglas, Jefferson

continued on page 132

METROPOLITAN STATISTICAL AREAS

- **DENVER-BOULDER CONSOLIDATED AREA**—Metro Areas: Boulder-Longmont, Denver, CO
- **Des Moines, IA**—Dallas, Polk, Warren
- **Detroit, MI**—Lapeer, Livingston, Macomb, Monroe, Oakland, St.Clair, Wayne
- **DETROIT-ANN ARBOR CONSOLIDATED AREA**—Metro Area: Ann Arbor, Detroit, MI
- **Dothan, AL**—Dale, Houston
- **Dubuque, IA**—Dubuque
- **Duluth, MN**—
  - **Minnesota Portion**—St. Louis
  - **Wisconsin Portion**—Douglas
- **Durham, NC** (See Raleigh-Durham)

E

- **East Lansing, MI** (See Lansing-East Lansing)
- **Eau Claire, WI**—Chippewa, Eau Claire
- **Edinburg, TX** (See McAllen-Edinburg-Mission)
- **El Paso, TX**—El Paso
- **Elgin, IL** (See Aurora-Elgin)
- **Elkhart-Goshen, IN**—Elkhart
- **Elmira, NY**—Chemung
- **Elyria, OH** (See Lorain-Elyria)
- **Enid, OK**—Garfield
- **Erie, PA**—Erie
- **Eugene-Springfield, OR**—Lane
- **Evansville, IN**—
  - **Indiana Portion**—Posey, Vanderburgh, Warrick
  - **Kentucky Portion**—Henderson

F

- **Fairfield, CA** (See Vallejo-Fairfield-Napa)
- **Fall River, MA** (See New Bedford-Fall River-Attleboro)
- **Fargo-Moorhead, ND-MN**—
  - **Minnesota Portion**—Clay
  - **North Dakota Portion**—Cass
- **Fayetteville, NC**—Cumberland
- **Fayetteville-Springdale, AR**—Washington
- **Fitchburg, MA** (See Worcester-Fitchburg-Leominster)
- **Flint, MI**—Genesee
- **Florence, AL**—Colbert, Lauderdale
- **Florence, SC**—Florence
- **Fort Collins-Loveland, CO**—Larimer
- **Fort Lauderdale-Hollywood-Pompano Beach, FL**—Broward
- **Fort Myers-Cape Coral, FL**—Lee
- **Fort Pierce, FL**—Martin, St. Lucie
- **Fort Smith, AR**—
  - **Arkansas Portion**—Crawford, Sebastian
  - **Oklahoma Portion**—Sequoyah
- **Fort Walton Beach, FL**—Okaloosa
- **Fort Wayne, IN**—Allen, DeKalb, Whitley
- **Fort Worth-Arlington, TX**—Johnson, Parker, Tarrant
- **Fresno, CA**—Fresno

G

- **Gadsden, AL**—Etowah
- **Gainesville, FL**—Alachua, Bradford
- **Galveston-Texas City, TX**—Galveston
- **Gary-Hammond, IN**—Lake, Porter
- **Gastonia, NC** (See Charlotte-Gastonia-Rock Hill)
- **Glens Falls, NY**—Warren, Washington
- **Goshen, IN** (See Elkhart-Goshen)
- **Grand Forks, ND**—Grand Forks
- **Grand Rapids, MI**—Kent, Ottawa
- **Great Falls, MT**—Cascade
- **Greeley, CO**—Weld
- **Green Bay, WI**—Brown
- **Greensboro-Winston-Salem-High Point, NC**—Davidson, Davie, Forsyth, Guilford, Randolph, Stokes, Yadkin
- **Greenville-Spartanburg, SC**—Greenville, Pickens, Spartanburg
- **Gulfport, MS** (See Biloxi-Gulfport)

H

- **Hagerstown, MD**—Washington
- **Hamilton-Middletown, OH**—Butler
- **Hammond, IN** (See Gary-Hammond)
- **Harlingen, TX** (See Brownsville-Harlingen)
- **Harrisburg-Lebanon-Carlisle, PA**—Cumberland, Dauphin, Lebanon, Perry
- **Hartford-New Britain-Middletown-Bristol, CT**—Hartford, Middlesex, Tolland
- **Hickory, NC**—Alexander, Burke, Catawba
- **High Point, NC** (See Greensboro-Winston-Salem-High Point)
- **Hollywood, FL** (See Fort Lauderdale-Hollywood-Pompano Beach)
- **Honolulu, HI**—Honolulu
- **Hopkinsville, TN** (See Clarksville-Hopkinsville)
- **Houma-Thibodaux, LA**—Lafourche, Terrelbonne
- **Houston, TX**—Fort Bend, Harris, Liberty, Montgomery, Waller
- **HOUSTON-GALVESTON-BRAZORIA CONSOLIDATED AREA**—Metro Areas: Brazoria, Galveston-Texas City, Houston, TX
- **Huntington-Ashland, WV-KY**—
  - **Kentucky Portion**—Boyd, Carter, Greenup
  - **Ohio Portion**—Lawrence
  - **West Virginia Portion**—Cabell, Wayne
- **Huntsville, AL**—Madison

I-J

- **Indianapolis, IN**—Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Shelby
- **Iowa City, IA**—Johnson
- **Jackson, MI**—Jackson
- **Jackson, MS**—Hinds, Madison, Rankin
- **Jackson, TN**—Madison
- **Jacksonville, FL**—Clay, Duval, Nassau, St. Johns
- **Jacksonville, NC**—Onslow
- **Jamestown-Dunkirk, NY**—Chautauqua
- **Janesville-Beloit, WI**—Rock
- **Jersey City, NJ**—Hudson
- **Johnson City-Kingsport-Bristol, TN-VA**—
  - **Tennessee Portion**—Carter, Hawkins, Sullivan, Unicol, Washington
  - **Virginia Portion**—Bristol, Scott, Washington
- **Johnstown, PA**—Cambria, Somerset
- **Joliet, IL**—Grundy, Will
- **Joplin, MO**—Jasper, Newton

K

- **Kalamazoo, MI**—Kalamazoo
- **Kankakee, IL**—Kankakee
- **Kansas City, MO-KS**—
  - **Kansas Portion**—Johnson, Leavenworth, Miami, Wyandotte
  - **Missouri Portion**—Cass, Clay, Jackson, Lafayette, Platte, Ray
- **Kennewick, WA** (See Richland-Kennewick-Pasco)
- **Kenosha, WI**—Kenosha
- **Killeen-Temple, TX**—Bell, Coryell
- **Kingsport, TN** (See Johnson City-Kingsport-Bristol)
- **Knoxville, TN**—Anderson, Blount, Grainger, Jefferson, Knox, Sevier, Union
- **Kokomo, IN**—Howard, Tipton

L

- **La Crosse, WI**—La Crosse
- **Lafayette, LA**—Lafayette, St. Martin
- **Lafayette-West Lafayette, IN**—Tippecanoe
- **Lake Charles, LA**—Calcasieu
- **Lake County, IL**—Lake
- **Lakeland-Winter Haven, FL**—Polk
- **Lancaster, PA**—Lancaster
- **Lansing-East Lansing, MI**—Clinton, Eaton, Ingham
- **Laredo, TX**—Webb
- **Las Cruces, NM**—Dona Ana
- **Las Vegas, NV**—Clark
- **Lawrence, KS**—Douglas
- **Lawrence, MA** (See Boston-Lawrence-Salem-Lowell-Brockton)
- **Lawton, OK**—Comanche
- **Leominster, MA** (See Worcester-Fitchburg-Leominster)
- **Lewiston-Auburn, ME**—Androscoggin
- **Lexington-Fayette, KY**—Bourbon, Clark, Fayette, Jessamine, Scott, Woodford
- **Lima, OH**—Allen, Auglaize
- **Lincoln, NE**—Lancaster
- **Little Rock-North Little Rock, AR**—Faulkner, Lonoke, Pulaski, Saline
- **Lompoc, CA** (See Santa Barbara-Santa Maria-Lompoc)
- **Long Beach, CA** (See Los Angeles-Long Beach)
- **Longmont, CO** (See Boulder-Longmont)
- **Longview-Marshall, TX**—Gregg, Harrison
- **Lorain-Elyria, OH**—Lorain

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METROPOLITAN STATISTICAL AREAS

Los Angeles-Long Beach, CA— Los Angeles
LOS ANGELES-ANAHEIM-RIVERSIDE CONSOLIDATED AREA— Metro Areas: Anaheim-Santa Ana, Los Angeles-Long Beach, Oxnard-Ventura, Riverside-San Bernardino, CA
Louisville, KY—
  Indiana Portion— Clark, Floyd, Harrison
  Kentucky Portion— Bullitt, Jefferson, Oldham, Shelby
Loveland, CO (See Fort Collins-Loveland)
Lowell, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Lubbock, TX— Lubbock
Lynchburg, VA— Amherst, Campbell, Lynchburg

M

Macon-Warner Robins, GA— Bibb, Houston, Jones, Peach
Madison, WI— Dane
Manchester-Nashua, NH— Hillsborough
Mansfield, OH— Richland
Marietta, OH (See Parkersburg-Marietta)
Marshall, TX (See Longview-Marshall)
McAllen-Edinburg-Mission, TX— Hidalgo
Medford, OR— Jackson
Melbourne-Titusville-Palm Bay, FL— Brevard
Memphis, TN—
  Arkansas Portion— Crittenden
  Mississippi Portion— DeSota
  Tennessee Portion— Shelby, Tipton
Merced, CA— Merced
Meriden, CT (See New Haven-Waterbury-Meriden)
Miami-Hialeah, FL— Dade
MIAMI-FORT LAUDERDALE CONSOLIDATED AREA— Metro Areas: Fort Lauderdale-Hollywood-Pompano Beach, Miami-Hialeah, FL
Middlesex-Somerset-Hunterdon, NJ— Hunterdon, Middlesex, Somerset
Middletown, CT (See Hartford-New Britain-Middletown-Bristol)
Middletown, OH (See Hamilton-Middletown)
Midland, MI (See Saginaw-Bay City-Midland)
Midland, TX— Midland
Millville, NJ (See Vineland-Millville-Bridgeton)
Milwaukee, WI— Milwaukee, Ozaukee, Washington, Waukesha
MILWAUKEE-RACINE CONSOLIDATED AREA— Metro Areas: Milwaukee, Racine, WI
Minneapolis-St. Paul, MN—
  Minnesota Portion— Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, Wright
  Wisconsin Portion— St. Croix
Mishawaka, IN (See South Bend-Mishawaka)
Mission, TX (See McAllen-Edinburg-Mission)
Mobile, AL— Baldwin, Mobile
Modesto, CA— Stanislaus
Moline, IL (See Davenport-Rock Island-Moline)
Monmouth-Ocean, NJ— Monmouth, Ocean
Monroe, LA— Ouachita
Monterey, CA (See Salinas-Seaside-Monterey)
Montgomery, AL— Autauga, Elmore, Montgomery
Moorehead, MN (See Fargo-Moorehead)
Muncie, IN— Delaware
Muskegon, MI— Muskegon

N

Napa, CA (See Vallejo-Fairfield-Napa)
Naples, FL— Collier
Nashua, NH (See Manchester-Nashua)
Nashville, TN— Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, Wilson
Nassau-Suffolk, NY— Nassau, Suffolk
Neenah, WI (See Appleton-Oshkosh-Neenah)
New Bedford-Fall River-Attleboro, MA— Bristol
New Britain, CT (See Hartford-New Britain-Middletown, Bristol)
New Haven-Waterbury-Meriden, CT— New Haven
New London-Norwich, CT— New London
New Orleans, LA— Jefferson, Orleans, St. Bernard, St. Charles, St. John the Baptist, St. Tammany
New York, NY— Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, Westchester
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND CONSOLIDATED AREA— Metro Areas: Bergen-Passaic, NJ; Bridgeport-Stamford-Norwalk-Danbury, CT; Jersey City, Middlesex-Somerset-Hunterdon, Monmouth-Ocean, NJ; Nassau-Suffolk, New York, NY; Newark, NJ; Orange County, NY
Newark, NJ— Essex, Morris, Sussex, Union
Newport News, VA (See Norfolk-Virginia Beach-Newport News)
Niagara Falls, NY— Niagara
Norfolk-Virginia Beach-Newport News, VA— Chesapeake, Gloucester, Hampton, James City, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg, York
Normal, IL (See Bloomington-Normal)
North Little Rock, AR (See Little Rock-North Little Rock)
Norwalk, CT (See Bridgeport-Stamford-Norwalk-Danbury)
Norwich, CT (See New London-Norwich)

O

Oakland, CA— Alameda, Contra Costa
Ocala, FL— Marion
Odessa, TX— Ector
Ogden, UT (See Salt Lake City-Ogden)
Oklahoma City, OK— Canadian, Cleveland, Logan, McClain, Oklahoma, Pottawattomie
Olympia, WA— Thurston
Omaha, NE—
  Iowa Portion— Pottawatamie
  Nebraska Portion— Douglas, Sarpy, Washington
Orange County, NY— Orange
Orem, UT (See Provo-Orem)
Orlando, FL— Orange, Osceola, Seminole
Oshkosh, WI (See Appleton-Oshkosh-Neenah)
Owensboro, KY— Daviess
Oxnard-Ventura, CA— Ventura

P

Palm Bay, FL (See Melbourne-Titusville-Palm Bay)
Panama City, FL— Bay
Parkersburg-Marietta, WV-OH—
  Ohio Portion— Washington
  West Virginia Portion— Wood
Pascagoula, MS— Jackson
Pasco, WA (See Richland-Kennewick-Pasco)
Passaic, NJ (See Bergen-Passaic)
Pawtucket, RI (See Providence-Pawtucket-Woonsocket)
Pensacola, FL— Escambia, Santa Rosa
Peoria, IL— Peoria, Tazewell, Woodford
Petersburg, VA (See Richmond-Petersburg)
Philadelphia, PA—
  New Jersey Portion— Burlington, Camden, Gloucester
  Pennsylvania Portion— Bucks, Chester, Delaware, Montgomery, Philadelphia
PHILADELPHIA-WILMINGTON-TRENTON CONSOLIDATED AREA— Metro Areas: Philadelphia, PA; Trenton, Vineland-Millville-Bridgeton, NJ; Wilmington, DE
Phoenix, AZ— Maricopa
Pine Bluff, AR— Jefferson
Pittsburgh, PA— Allegheny, Fayette, Washington, Westmoreland
PITTSBURGH-BEAVER VALLEY CONSOLIDATED AREA— Metro Areas: Beaver County, Pittsburgh, PA
Pittsfield, MA— Berkshire
Pompano Beach, FL (See Fort Lauderdale-Hollywood-Pompano Beach)
Port Arthur, TX (See Beaumont-Port Arthur)
Portland, ME— Cumberland
Portland, OR— Clackamas, Multnomah, Washington, Yamhill
PORTLAND-VANCOUVER CONSOLIDATED AREA— Metro Areas: Portland, OR; Vancouver, WA
Portsmouth-Dover-Rochester, NH— Rockingham, Strafford
Poughkeepsie, NY— Dutchess
Providence-Pawtucket-

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METROPOLITAN STATISTICAL AREAS

Woonsocket, RI—Bristol, Kent, Providence, Washington
Provo-Orem, UT—Utah
Pueblo, CO—Pueblo

R

Racine, WI—Racine
Raleigh-Durham, NC—Durham, Franklin, Orange, Wake
Rantoul, IL (See Champaign-Urbana-Rantoul)
Rapid City, SD—Pennington
Reading, PA—Berks
Redding, CA—Shasta
Reno, NV—Washoe
Richland-Kennewick-Pasco, WA—Benton, Franklin
Richmond-Petersburg, VA—Charles City, Chesterfield, Colonial Heights City, Dinwiddie, Goochland, Hanover, Henrico, Hopewell City, New Kent, Petersburg City, Pawhattan, Prince George, Richmond City
Riverside-San Bernardino, CA—Riverside, San Bernardino
Roanoke, VA—Botetourt, Roanoke, Roanoke City, Salem City
Rochester, MN—Olmsted
Rochester, NY—Livingston, Monroe, Ontario, Orleans, Wayne
Rockford, IL—Boone, Winnebago
Rock Hill, SC (See Charlotte-Gastonia-Rock Hill)
Rock Island, IL (See Davenport-Rock Island-Moline)
Rome, NY (See Utica-Rome)

S

Sacramento, CA—El Dorado, Placer, Sacramento, Yolo
Saginaw-Bay City-Midland, MI—Bay, Midland, Saginaw
St. Cloud, MN—Benton, Sherburne, Stearns
St. Joseph, MO—Buchanan
St. Louis, MO-IL—
  Illinois Portion—Clinton, Jersey, Madison, Monroe, St. Clair
  Missouri Portion—Franklin, Jefferson, St. Charles, St. Louis, St. Louis City
St. Paul, MN (See Minneapolis-St. Paul)
St. Petersburg, FL (See Tampa-St. Petersburg-Clearwater)
Salem, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Salem, OR—Marion, Polk
Salinas-Seaside-Monterey, CA—Monterey
Salt Lake City-Ogden, UT—Davis, Salt Lake, Weber
San Angelo, TX—Tom Green
San Antonio, TX—Bexar, Comal, Guadalupe
San Bernardino, CA (See Riverside-San Bernardino)
San Diego, CA—San Diego
San Francisco, CA—Marin, San Francisco, San Mateo
SAN FRANCISCO-OAKLAND-SAN JOSE CONSOLIDATED AREA—Metro Areas: Oakland, San Francisco, San Jose, Santa Cruz, Santa Rosa-Petaluma, Vallejo-Fairfield-Napa, CA
San Jose, CA—Santa Clara
Santa Ana, CA (See Anaheim-Santa Ana)
Santa Barbara-Santa Maria-Lompoc, CA—Santa Barbara
Santa Cruz, CA—Santa Cruz
Santa Fe, NM—Los Alamos, Santa Fe
Santa Maria, CA (See Santa Barbara-Santa Maria-Lompoc)
Santa Rosa-Petaluma, CA—Sonoma
Sarasota, FL—Sarasota
Savannah, GA—Chatham, Ellingham
Schenectady, NY (See Albany-Schenectady-Troy)
Scranton-Wilkes-Barre, PA—Columbia, Lackawanna, Luzerne, Monroe, Wyoming
Seaside, CA (See Salinas-Seaside-Monterey)
Seattle, WA—King, Snohomish
SEATTLE-TACOMA CONSOLIDATED AREA—Metro Areas: Seattle, Tacoma, WA
Sharon, PA—Mercer
Sheboygan, WI—Sheboygan
Sherman-Denison, TX—Grayson
Shreveport, LA—Bossier, Caddo
Sioux City, IA—
  Iowa Portion—Woodbury
  Nebraska Portion—Dakota
Sioux Falls, SD—Minnehaha
South Bend-Mishawaka, IN—St. Joseph
Spartanburg, SC (See Greenville-Spartanburg)
Spokane, WA—Spokane
Springdale, AR (See Fayetteville-Springdale)
Springfield, IL—Menard, Sangamon
Springfield, MA—Hampden, Hampshire
Springfield, OH (See Dayton-Springfield)
Springfield, OR (See Eugene-Springfield)
Stamford, CT (See Bridgeport-Stamford-Norwalk-Danbury)
State College, PA—Centre
Steubenville-Weirton, OH-WV—
  Ohio Portion—Jefferson
  West Virginia Portion—Brooke, Hancock
Stockton, CA—San Joaquin
Syracuse, NY—Madison, Onondaga, Oswego

T

Tacoma, WA—Pierce
Tallahassee, FL—Gadsden, Leon
Tampa-St. Petersburg-Clearwater, FL—Hernando, Hillsborough, Pasco, Pinellas
Temple, TX (See Killeen-Temple)
Terre Haute, IN—Clay, Vigo
Texarkana, TX-AR—
  Arkansas Portion—Miller
  Texas Portion—Bowie
Texas City, TX (See Galveston-Texas City)
Titusville, FL (See Melbourne-Titusville-Palm Bay)
Toledo, OH—Fulton, Lucas, Wood
Topeka, KS—Shawnee
Trenton, NJ—Mercer
Troy, NY (See Albany-Schenectady-Troy)
Tucson, AZ—Pima
Tulsa, OK—Creek, Osage, Rogers, Tulsa, Wagoner
Tuscaloosa, AL—Tuscaloosa
Tyler, TX—Smith

U-V

Urbana, IL (See Champaign-Urbana-Rantoul)
Utica-Rome, NY—Herkimer, Oneida
Vallejo-Fairfield-Napa, CA—Napa, Solano
Vancouver, WA—Clark
Ventura, CA (See Oxnard-Ventura)
Victoria, TX—Victoria
Vineland-Millville-Bridgeton, NJ—Cumberland
Virginia Beach, VA (See Norfolk-Virginia Beach-Newport News)
Visalia-Tulare-Porterville, CA—Tulare

W-Y

Waco, TX—McLennan
Warren, OH (See Youngstown-Warren)
Washington, DC—
  District of Columbia Portion—District of Columbia
  Maryland Portion—Calvert, Charles, Frederick, Montgomery, Prince George's
  Virginia Portion—Alexandria City, Arlington, Fairfax, Fairfax City, Falls Church City, Loudoun, Manassas City, Manassas Park City, Prince William, Stafford
Waterbury, CT (See New Haven-Waterbury-Meriden)
Waterloo-Cedar Falls, IA—Black Hawk, Bremer
Wausau, WI—Marathon
Weirton, OH (See Steubenville-Weirton)
West Palm Beach-Boca Raton-Delray Beach, FL—Palm Beach
Wheeling, WV—
  Ohio Portion—Belmont
  West Virginia Portion—Marshall
Wichita, KS—Butler, Sedgwick
Wichita Falls, TX—Wichita
Wilkes-Barre, PA (See Scranton-Wilkes-Barre)
Williamsport, PA—Lycoming
Wilmington, DE—
  Delaware Portion—New Castle
  Maryland Portion—Cecil
  New Jersey Portion—Salem
Wilmington, NC—New Hanover
Winston-Salem, NC (See Greensboro-Winston-Salem-High Point)
Winter Haven, FL (See Lakeland-Winter Haven)
Woonsocket, RI (See Providence-Pawtucket-Woonsocket)
Worcester-Fitchburg-Leominster, MA—Worcester
Yakima, WA—Yakima
York, PA—Adams, York
Youngstown-Warren, OH—Mahoning, Trumbull
Yuba City, CA—Sutter, Yuba

REGIONAL SUMMARY

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
REGION State	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Connecticut	3,266.6	1.3176	2.71	16,766	2,811,213	2,631,531	4,210	787,544	30	1,369,893	52	117	100
Maine	1,204.5	.4858	2.66	11,550	892,987	869,446	1,660	314,733	36	465,023	53	104	86
Massachusetts	5,908.0	2.3830	2.65	15,518	6,029,271	5,656,102	7,994	1,508,717	27	3,071,846	54	137	105
New Hampshire	1,091.5	.4402	2.67	14,752	894,520	877,083	1,501	256,353	29	514,772	59	91	97
Rhode Island	995.3	.4014	2.72	12,989	791,336	730,904	1,346	224,721	31	406,088	56	118	86
Vermont	556.8	.2246	2.64	11,615	460,257	430,230	807	116,609	27	251,076	58	106	95
NEW ENGLAND	**13,022.7**	**5.2526**	**2.67**	**15,040**	**11,879,584**	**11,195,296**	**17,518**	**3,208,677**	**29**	**6,078,698**	**54**	**122**	**99**
New Jersey	7,764.2	3.1318	2.71	16,590	4,983,494	4,405,991	8,562	1,305,661	30	2,242,368	51	77	134
New York	18,029.4	7.2723	2.65	13,724	12,415,038	11,600,685	21,852	3,051,546	26	6,066,379	52	99	98
Pennsylvania	12,045.8	4.8588	2.63	12,180	7,120,679	6,464,708	12,894	2,273,052	35	3,024,379	47	85	98
MIDDLE ATLANTIC	**37,839.4**	**15.2629**	**2.66**	**13,820**	**24,519,211**	**22,471,384**	**43,308**	**6,630,259**	**30**	**11,333,126**	**50**	**90**	**105**
Illinois	11,674.3	4.7089	2.69	13,053	6,825,153	6,330,438	12,847	2,436,729	38	3,024,528	48	103	101
Indiana	5,597.2	2.2576	2.73	10,815	3,101,925	2,907,330	6,568	1,365,843	47	1,182,455	41	98	89
Michigan	9,335.3	3.7655	2.73	11,855	5,369,572	4,935,926	10,107	1,890,364	38	2,388,789	48	101	95
Ohio	10,896.1	4.3950	2.64	11,497	6,069,290	5,633,056	12,460	2,406,099	43	2,512,166	45	94	90
Wisconsin	4,869.6	1.9642	2.66	11,846	3,026,447	2,592,886	5,929	883,945	34	1,479,776	57	86	89
EAST NORTH CENTRAL	**42,372.5**	**17.0912**	**2.69**	**11,954**	**24,392,387**	**22,399,636**	**47,911**	**8,982,980**	**40**	**10,587,714**	**47**	**97**	**94**
Iowa	2,847.4	1.1485	2.57	10,764	1,552,970	1,383,481	3,546	597,393	43	633,875	46	82	79
Kansas	2,511.3	1.0130	2.62	12,177	1,379,162	1,324,573	3,270	662,086	50	518,163	39	96	79
Minnesota	4,326.8	1.7452	2.68	12,439	3,026,697	2,756,668	4,854	909,407	33	1,539,186	56	110	105
Missouri	5,205.0	2.0995	2.69	11,545	3,221,763	3,062,135	6,047	1,358,769	44	1,253,007	41	109	95
Nebraska	1,610.1	.6494	2.63	11,455	1,078,231	949,229	1,952	394,390	42	467,875	49	109	89
North Dakota	686.3	.2768	2.75	10,200	385,045	326,554	874	129,054	40	173,605	53	96	80
South Dakota	722.5	.2914	2.68	9,954	409,172	355,230	975	121,086	34	204,617	58	94	73
WEST NORTH CENTRAL	**17,909.4**	**7.2238**	**2.65**	**11,601**	**11,053,040**	**10,157,870**	**21,518**	**4,172,185**	**41**	**4,790,328**	**47**	**102**	**90**
Delaware	654.2	.2639	2.76	12,787	411,801	387,200	774	165,619	43	182,639	47	94	101
District of Columbia	623.8	.2516	2.44	14,711	804,134	759,277	1,082	182,141	24	350,946	46	269	157
Florida	12,506.5	5.0446	2.47	12,525	9,058,065	8,586,532	15,261	3,067,572	36	4,403,472	51	102	106
Georgia	6,439.0	2.5972	2.77	11,243	3,927,633	3,772,748	7,187	1,896,530	50	1,342,033	36	102	106
Maryland	4,666.0	1.8821	2.74	14,512	3,302,540	3,076,553	4,981	1,224,148	40	1,282,444	42	110	112
North Carolina	6,554.1	2.6436	2.67	10,704	3,562,707	3,490,086	7,461	1,834,557	53	1,245,866	36	90	95
South Carolina	3,511.0	1.4162	2.77	9,779	1,810,309	1,762,394	3,629	872,656	50	622,351	35	87	106
Virginia	6,047.2	2.4392	2.79	13,438	3,694,471	3,641,427	6,683	1,587,723	44	1,496,797	41	96	112
West Virginia	1,919.7	.7743	2.63	8,744	777,724	745,326	1,756	421,678	57	246,241	33	69	92
SOUTH ATLANTIC	**42,921.5**	**17.3127**	**2.65**	**12,041**	**27,349,384**	**26,221,543**	**48,814**	**11,252,624**	**43**	**11,172,789**	**43**	**99**	**106**
Alabama	4,165.3	1.6801	2.70	9,406	1,685,836	1,634,007	3,769	917,188	56	497,623	30	87	97
Kentucky	3,773.2	1.5219	2.74	9,637	2,103,749	2,016,289	3,257	1,122,615	56	683,873	34	100	110
Mississippi	2,667.4	1.0759	2.84	8,253	862,783	838,554	2,364	451,940	54	271,128	32	68	93
Tennessee	4,948.2	1.9959	2.66	10,559	2,433,207	2,371,730	5,275	1,130,230	48	951,640	40	99	102
EAST SOUTH CENTRAL	**15,555.9**	**6.2745**	**2.72**	**9,632**	**7,086,948**	**6,861,448**	**14,665**	**3,622,196**	**53**	**2,404,641**	**35**	**91**	**101**
Arkansas	2,435.4	.9823	2.71	9,249	866,555	848,525	2,626	483,200	57	269,885	32	64	80
Louisiana	4,467.9	1.8022	2.83	8,910	2,305,217	2,171,495	4,233	876,594	40	752,680	35	73	101
Oklahoma	3,317.5	1.3381	2.64	9,153	1,742,017	1,697,350	4,460	816,720	48	603,600	36	88	68
Texas	16,918.9	6.8243	2.80	10,881	9,984,461	9,381,920	19,617	4,036,500	43	3,749,060	40	83	93
WEST SOUTH CENTRAL	**27,139.7**	**10.9469**	**2.77**	**10,199**	**14,898,250**	**14,099,290**	**30,936**	**6,213,014**	**44**	**5,375,225**	**38**	**81**	**90**
Arizona	3,550.5	1.4321	2.60	11,364	2,398,094	2,233,666	4,054	811,049	36	1,125,609	50	92	104
Colorado	3,369.9	1.3593	2.57	11,917	2,472,143	2,312,363	4,726	737,567	32	1,248,730	54	114	92
Idaho	1,025.9	.4138	2.84	9,606	477,033	436,061	1,106	170,996	39	228,015	52	84	94
Montana	819.9	.3307	2.57	9,846	485,131	393,348	1,303	141,056	36	227,712	58	82	68
Nevada	1,069.7	.4315	2.43	13,158	850,164	761,855	1,222	258,368	34	375,148	49	104	478
New Mexico	1,537.9	.6203	2.78	9,222	910,918	853,080	1,906	365,690	43	388,857	46	114	83
Utah	1,719.3	.6935	3.21	8,955	837,369	812,433	1,744	362,255	45	370,514	46	92	101
Wyoming	490.1	.1977	2.65	9,653	307,918	263,953	646	103,318	39	131,689	50	102	98
MOUNTAIN	**13,583.2**	**5.4769**	**2.68**	**10,809**	**8,738,770**	**8,066,759**	**16,707**	**2,950,299**	**37**	**4,096,274**	**51**	**100**	**122**
Alaska	538.2	.2171	2.90	14,327	493,631	418,064	687	118,178	28	164,821	39	93	109
California	28,549.3	11.5155	2.73	14,928	22,450,720	21,311,182	35,944	7,580,185	36	11,473,280	54	124	99
Hawaii	1,104.5	.4455	3.13	13,010	1,431,964	1,354,194	1,622	444,972	33	726,433	54	218	180
Oregon	2,755.6	1.1115	2.56	11,257	1,914,980	1,772,353	3,964	656,195	37	940,340	53	117	78
Washington	4,630.2	1.8676	2.54	13,252	3,481,121	3,229,246	5,883	1,077,098	33	1,774,982	55	108	91
PACIFIC	**37,576.0**	**15.1565**	**2.70**	**14,387**	**29,771,043**	**28,084,171**	**48,100**	**9,876,405**	**35**	**15,079,479**	**54**	**123**	**99**
United States Total	**247,920.3**	**100.0000**	**2.69**	**12,359**	**159,688,617**	**149,557,397**	**289,477**	**56,908,639**	**38**	**70,918,274**	**47**	**100**	**100**

SALES BY METROPOLITAN AREA 1988

This section of the Restaurant Growth Index provides sales, unit counts, market share, and RAI and RGI indices for the 318 Metropolitan Statistical Areas.

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
ALABAMA													
Anniston	125.3	.0505	2.77	8,855	34,484	33,839	102	19,164	57	10,006	30	79	100
Birmingham	934.9	.3771	2.62	10,325	438,373	424,416	904	222,775	52	132,834	31	94	99
Decatur	102.6	.0414	2.70	9,350	41,833	41,625	105	26,060	63	11,693	28	92	88
Dothan	133.0	.0537	2.75	9,125	71,503	69,956	137	43,804	63	19,652	28	111	96
Florence	140.0	.0565	2.62	9,436	58,878	57,064	146	32,322	57	16,872	30	99	81
Gadsden	104.0	.0420	2.62	8,745	42,561	41,715	103	23,624	57	12,334	30	92	83
Huntsville	242.0	.0976	2.63	13,218	133,679	128,039	241	69,493	54	43,481	34	116	124
Mobile	488.1	.1969	2.73	10,066	264,563	250,545	490	129,191	52	79,504	32	94	96
Montgomery	305.8	.1233	2.75	10,122	145,717	141,190	293	79,961	57	41,750	30	101	110
Tuscaloosa	147.4	.0595	2.70	8,952	72,167	68,325	158	38,698	57	20,206	30	84	86
Non-Metro Portion of State	1,391.7	.5613	2.74	7,967	367,464	362,914	1,051	223,952	62	105,045	29	65	93
State Total	**4,165.3**	**1.6801**	**2.70**	**9,406**	**1,685,836**	**1,634,007**	**3,769**	**917,188**	**56**	**497,623**	**30**	**87**	**97**
ALASKA													
Anchorage	223.0	.0900	2.69	15,684	304,853	274,035	328	81,177	30	102,025	37	146	122
Non-Metro Portion of State	315.2	.1271	3.07	13,367	188,778	144,029	359	37,001	26	62,796	44	55	98
State Total	**538.2**	**.2171**	**2.90**	**14,327**	**493,631**	**418,064**	**687**	**118,178**	**28**	**164,821**	**39**	**93**	**100**
ARIZONA													
Phoenix	2,057.6	.8299	2.54	12,809	1,575,042	1,479,392	2,350	516,885	35	749,934	51	98	117
Tucson	650.0	.2621	2.51	10,730	426,631	392,906	759	157,296	40	184,551	47	97	91
Non-Metro Portion of State	842.9	.3401	2.85	8,326	396,421	361,368	945	136,868	38	191,124	53	69	84
State Total	**3,550.5**	**1.4321**	**2.60**	**11,364**	**2,398,094**	**2,233,666**	**4,054**	**811,049**	**36**	**1,125,609**	**50**	**92**	**104**
ARKANSAS													
Fayetteville - Springdale	112.4	.0453	2.65	10,075	60,122	58,575	145	33,206	57	19,347	33	89	78
Fort Smith	183.8	.0742	2.68	9,426	76,670	75,781	253	42,676	56	25,104	33	91	66
Little Rock - North Little Rock	521.8	.2105	2.71	11,338	267,084	262,183	583	138,345	53	91,756	35	82	99
Pine Bluff	90.5	.0366	2.90	8,529	28,809	28,017	87	15,883	57	9,254	33	54	86
Texarkana	122.3	.0493	2.71	9,239	58,004	56,487	138	26,757	47	21,240	38	73	76
Non-Metro Portion of State	1,473.5	.5942	2.69	8,440	397,616	389,280	1,504	233,153	60	115,065	30	52	73
State Total	**2,435.4**	**.9823**	**2.71**	**9,249**	**866,555**	**848,525**	**2,626**	**483,200**	**57**	**269,885**	**32**	**64**	**80**
CALIFORNIA													
Anaheim - Santa Ana	2,273.7	.9171	2.81	16,728	2,397,016	2,313,829	3,129	811,730	35	1,279,711	55	150	107
Bakersfield	519.4	.2095	2.83	12,297	316,108	301,030	576	130,153	43	148,930	49	88	89
Chico	176.0	.0710	2.49	10,798	114,390	105,358	217	37,644	36	56,473	54	81	72
Fresno	613.7	.2475	2.79	12,586	314,880	295,147	727	134,394	46	145,070	49	87	78
Los Angeles - Long Beach	8,704.7	3.5111	2.75	14,880	6,758,662	6,450,149	10,071	2,162,535	34	3,454,848	54	137	109
Merced	175.0	.0706	3.08	9,603	92,384	85,494	170	32,058	37	50,301	59	99	89
Modesto	342.1	.1380	2.84	11,541	175,170	167,623	370	82,116	49	72,860	43	80	80
Oakland	2,009.1	.8104	2.58	17,125	1,537,018	1,448,122	2,563	563,786	39	750,433	52	112	92
Oxnard - Ventura	645.1	.2602	3.02	15,386	328,096	315,503	683	115,886	37	180,632	57	80	97
Redding	140.4	.0566	2.66	10,845	78,219	72,696	213	25,974	36	38,963	54	79	69
Riverside - San Bernardino	2,287.7	.9227	2.80	12,898	1,327,426	1,272,194	2,209	573,251	45	625,445	49	95	96
Sacramento	1,398.2	.5640	2.57	14,538	1,023,288	964,696	1,917	406,319	42	480,105	50	113	85
Salinas - Seaside - Monterey	352.0	.1420	3.05	12,645	250,314	239,306	477	75,633	32	155,698	65	148	109
San Diego	2,382.0	.9608	2.75	15,175	1,940,387	1,834,967	2,882	641,383	35	986,828	54	131	107
San Francisco	1,605.5	.6475	2.38	19,443	2,308,184	2,152,270	3,161	491,988	23	1,294,559	60	174	109
San Jose	1,437.4	.5798	2.82	18,217	1,267,454	1,216,251	1,912	475,353	39	610,219	50	137	111

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METRO REPORT

STATE Metro Name	12/31/88 Population (Thous.)	12/31/88 % Of U.S.	12/31/88 Average House-hold Size	1988 Per Capita EBI	1988 Eating & Drinking Place Sales ($000)	1988 Eating Place Sales ($000)	1988 Eating Place Units	1988 Fast Food Sales ($000)	1988 Fast Food Market Share (%)	1988 Restaurant Sales ($000)	1988 Restaurant Market Share (%)	RAI	RGI
Santa Barbara - Santa Maria - Lompoc	347.0	.1399	2.65	15,187	345,556	330,318	520	96,569	29	210,902	64	119	94
Santa Cruz	234.4	.0946	2.68	14,993	169,744	158,161	384	64,981	41	80,883	51	113	65
Santa Rosa - Petaluma	368.2	.1485	2.52	15,833	247,568	229,582	501	88,384	38	123,156	54	100	77
Stockton	467.2	.1885	2.92	11,489	261,467	245,269	501	121,511	50	112,732	46	100	80
Vallejo - Fairfield - Napa	419.3	.1692	2.81	13,481	296,767	276,706	472	115,546	42	146,751	53	116	90
Visalia - Tulare - Porterville	301.5	.1216	3.06	8,890	139,670	131,107	312	69,371	53	55,684	42	69	86
Yuba City	119.9	.0483	2.73	10,662	62,975	58,531	127	20,909	36	31,370	54	88	84
Non-Metro Portion of State	1,229.8	.4961	2.73	11,138	697,977	646,873	1,850	242,711	38	380,727	59	77	71
State Total	**28,549.3**	**11.5155**	**2.73**	**14,928**	**22,450,720**	**21,311,182**	**35,944**	**7,580,185**	**36**	**11,473,280**	**54**	**124**	**99**
COLORADO													
Boulder - Longmont	221.4	.0893	2.56	12,295	193,383	183,602	359	60,409	33	104,251	57	111	76
Colorado Springs	400.0	.1613	2.67	11,098	256,583	238,142	489	101,572	43	100,223	42	120	91
Denver	1,684.5	.6795	2.51	13,515	1,297,261	1,217,016	2,206	371,364	31	643,813	53	115	103
Fort Collins - Loveland	187.6	.0756	2.62	10,509	122,076	112,923	243	36,546	32	60,491	54	98	82
Greeley	138.8	.0560	2.72	9,243	58,368	54,290	130	17,569	32	29,082	54	81	88
Pueblo	128.7	.0519	2.58	9,022	74,197	65,917	168	21,333	32	35,308	54	87	71
Non-Metro Portion of State	608.9	.2457	2.64	9,553	470,275	440,473	1,131	128,774	29	275,562	63	128	82
State Total	**3,369.9**	**1.3593**	**2.57**	**11,917**	**2,472,143**	**2,312,363**	**4,726**	**737,567**	**32**	**1,248,730**	**54**	**114**	**92**
CONNECTICUT													
Bridgeport - Stamford - Norwalk - Danbury	830.9	.3352	2.77	20,246	775,195	741,329	1,075	183,821	25	411,768	56	116	102
Hartford - New Britain - Middletown - Bristol	1,117.4	.4507	2.68	16,032	1,004,824	932,328	1,402	286,474	31	441,785	47	123	110
New Haven - Waterbury - Meriden	793.6	.3201	2.68	15,534	660,798	618,861	1,061	207,752	34	326,421	53	118	90
New London - Norwich	253.8	.1024	2.79	14,118	212,493	191,399	334	65,871	34	108,767	57	122	98
Non-Metro Portion of State	270.9	.1092	2.71	15,213	157,903	147,614	338	43,626	30	81,152	55	85	84
State Total	**3,266.6**	**1.3176**	**2.71**	**16,766**	**2,811,213**	**2,631,531**	**4,210**	**787,544**	**30**	**1,369,893**	**52**	**117**	**100**
DELAWARE													
Wilmington	564.7	.2278	2.77	13,882	319,820	298,248	583	129,198	43	140,202	47	90	117
Non-Metro Portion of State	227.3	.0917	2.78	10,744	144,763	136,344	307	58,400	43	65,384	48	105	76
State Total	**654.2**	**.2639**	**2.76**	**12,787**	**411,801**	**387,200**	**774**	**165,619**	**43**	**182,639**	**47**	**94**	**101**
DISTRICT OF COLUMBIA													
Washington	3,729.8	1.5045	2.66	18,052	3,258,324	3,163,455	4,413	1,094,820	35	1,402,975	44	126	133
State Total	**623.8**	**.2516**	**2.44**	**14,711**	**804,134**	**759,277**	**1,082**	**182,141**	**24**	**350,946**	**46**	**269**	**157**
FLORIDA													
Bradenton	187.5	.0756	2.31	12,742	147,823	142,916	210	52,012	36	72,297	51	97	86
Daytona Beach	345.9	.1395	2.34	12,043	264,870	247,464	464	92,738	37	121,157	49	98	102
Fort Lauderdale - Hollywood - Pompano Beach	1,214.3	.4898	2.31	15,425	1,210,241	1,129,586	1,739	322,925	29	652,238	58	134	93
Fort Myers - Cape Coral	307.3	.1240	2.34	13,533	204,679	197,473	418	65,971	33	117,711	60	87	81
Fort Pierce	227.5	.0918	2.44	11,564	108,512	104,846	240	44,040	42	52,215	50	63	78
Fort Walton Beach	154.1	.0622	2.74	11,157	117,712	112,496	209	40,946	36	56,911	51	124	95
Gainesville	208.8	.0842	2.63	10,449	147,492	141,482	268	51,937	37	71,507	51	93	97
Jacksonville	918.0	.3701	2.63	12,075	571,491	544,414	1,051	260,665	48	220,852	41	112	115
Lakeland - Winter Haven	401.6	.1619	2.66	10,357	201,573	194,514	408	100,452	52	78,923	41	73	98
Melbourne - Titusville - Palm Bay	389.1	.1570	2.47	11,758	232,618	217,464	481	85,110	39	102,485	47	98	86
Miami - Hialeah	1,850.4	.7463	2.61	12,344	1,387,797	1,321,841	2,324	428,319	32	646,986	49	111	118
Naples	133.1	.0537	2.36	13,163	126,595	118,466	192	49,772	42	59,001	50	89	98
Ocala	189.7	.0765	2.53	9,391	87,954	84,606	180	30,793	36	42,800	51	62	84

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METRO REPORT

	12/31/88			1988									
					Eating Place		Fast Food		Restaurant				
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Orlando	989.7	3991	2.61	12,567	875,131	845,383	1,222	323,594	38	429,545	51	121	169
Panama City	132.6	0535	2.61	8,978	116,615	110,016	223	40,039	36	55,657	51	172	81
Pensacola	355.1	1432	2.71	11,078	200,574	184,830	339	90,598	49	64,563	35	99	112
Sarasota	261.4	1055	2.20	13,689	235,177	226,969	370	57,655	25	146,725	65	109	78
Tallahassee	230.1	0928	2.67	11,122	154,183	147,829	247	54,122	37	74,737	51	111	123
Tampa - St. Petersburg - Clearwater	2,033.1	8201	2.35	12,590	1,454,804	1,372,911	2,472	506,869	37	670,606	49	94	99
West Palm Beach - Boca Raton - Delray Beach	835.8	3371	2.31	16,362	723,884	682,005	1,062	175,600	26	437,312	64	106	111
Non-Metro Portion of State	1,141.4	4607	2.52	10,082	488,340	459,021	1,142	193,415	42	229,244	50	62	82
State Total	**12,506.5**	**5.0446**	**2.47**	**12,525**	**9,058,065**	**8,586,532**	**15,261**	**3,067,572**	**36**	**4,403,472**	**51**	**102**	**106**
GEORGIA													
Albany	119.2	0480	2.94	9,625	71,910	67,929	124	34,750	51	24,212	36	102	107
Athens	149.0	0602	2.71	9,941	94,129	87,830	169	44,982	51	31,345	36	96	95
Atlanta	2,766.4	1.1160	2.68	13,689	2,358,039	2,254,067	3,618	1,043,566	46	842,328	37	131	111
Augusta	405.0	1634	2.79	10,577	179,994	172,819	364	92,231	53	48,438	28	84	115
Columbus	256.2	1033	2.85	9,687	119,594	113,713	253	58,975	52	39,668	35	105	85
Macon - Warner Robins	290.1	1171	2.79	11,206	152,315	147,970	322	76,284	52	52,451	35	86	98
Savannah	247.7	0999	2.73	11,100	195,278	184,341	290	94,285	51	65,710	36	128	106
Non-Metro Portion of State	2,266.3	9138	2.86	8,758	780,289	767,285	2,087	458,795	60	244,500	32	64	100
State Total	**6,439.0**	**2.5972**	**2.77**	**11,243**	**3,927,633**	**3,772,748**	**7,187**	**1,896,530**	**50**	**1,342,033**	**36**	**102**	**106**
HAWAII													
Honolulu	844.3	3406	3.15	13,596	1,121,022	1,050,159	1,195	357,456	34	530,798	51	248	168
Non-Metro Portion of State	260.2	1049	3.06	11,107	310,942	304,035	427	87,516	29	195,635	64	153	212
State Total	**1,104.5**	**.4455**	**3.13**	**13,010**	**1,431,964**	**1,354,194**	**1,622**	**444,972**	**33**	**726,433**	**54**	**218**	**180**
IDAHO													
Boise	205.9	0830	2.64	11,739	144,557	134,503	237	51,819	39	68,352	51	106	105
Non-Metro Portion of State	820.0	3308	2.89	9,071	332,476	301,558	869	119,177	40	159,663	53	76	91
State Total	**1,025.9**	**.4138**	**2.84**	**9,606**	**477,033**	**436,061**	**1,106**	**170,996**	**39**	**228,015**	**52**	**84**	**94**
ILLINOIS													
Aurora - Elgin	359.3	1449	2.81	13,468	185,312	171,788	367	63,012	37	81,568	47	9	103
Bloomington - Normal	126.3	0510	2.73	12,889	81,954	75,369	150	29,593	39	35,605	47	114	95
Champaign - Urbana - Rantoul	173.1	0698	2.75	11,446	135,970	123,195	198	48,369	39	58,200	47	132	109
Chicago	6,203.1	2.5020	2.69	14,051	4,137,618	3,901,475	6,991	1,357,641	35	1,936,125	50	118	113
Davenport - Rock Island - Moline	369.4	1490	2.61	12,710	255,641	224,874	434	104,656	47	91,640	41	107	90
Decatur	124.7	0503	2.58	13,040	68,040	60,589	133	23,791	39	28,622	47	7	105
Joliet	386.9	1560	3.00	12,564	154,474	142,294	352	58,727	41	69,460	49	86	94
Kankakee	101.3	0408	2.76	10,694	53,247	50,611	92	19,873	39	23,907	47	90	97
Lake County	498.3	2009	2.98	16,039	257,415	241,045	560	81,804	34	128,207	53	96	93
Peoria	349.2	1408	2.64	13,810	188,474	172,511	391	73,555	43	85,701	50	91	104
Rockford	284.3	1147	2.64	12,688	168,842	153,235	341	61,885	40	75,554	49	86	93
Springfield	194.8	0785	2.44	11,865	133,850	122,616	216	48,154	39	57,927	47	114	113
Non-Metro Portion of State	2,061.5	8320	2.60	10,447	821,845	733,887	2,244	371,677	51	299,594	41	69	69
State Total	**11,674.3**	**4.7089**	**2.69**	**13,053**	**6,825,153**	**6,330,438**	**12,847**	**2,436,729**	**38**	**3,024,528**	**48**	**103**	**101**
INDIANA													
Anderson	131.2	0529	2.67	10,667	63,835	58,130	148	27,477	47	23,504	40	68	83
Bloomington	102.7	0415	2.74	10,824	62,031	58,094	136	27,462	47	23,485	40	120	79
Elkhart - Goshen	150.3	0606	2.73	10,862	83,652	79,527	192	37,592	47	32,154	40	79	86
Evansville	284.0	1146	2.59	11,601	188,833	176,367	343	90,655	51	66,936	38	102	98

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METRO REPORT

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Fort Wayne	364.8	.1472	2.73	11,585	230,004	215,714	467	77,020	36	116,689	54	109	95
Gary - Hammond	624.3	.2519	2.87	10,442	383,154	361,168	720	170,747	47	151,152	42	102	88
Indianapolis	1,243.4	.5016	2.67	12,163	841,000	800,970	1,491	372,519	47	303,674	38	126	105
Kokomo	102.0	.0412	2.65	12,125	72,052	66,097	135	31,248	47	26,718	40	100	84
Lafayette - West Lafayette	123.7	.0499	2.82	11,150	79,153	73,957	149	34,960	47	29,900	40	138	97
Muncie	120.9	.0488	2.76	10,132	88,435	83,235	154	39,349	47	33,652	40	112	82
South Bend - Mishawaka	241.5	.0974	2.67	11,336	155,614	144,940	336	58,837	41	73,481	51	108	83
Terre Haute	132.7	.0535	2.68	10,676	91,245	84,779	150	40,078	47	34,275	40	107	90
Non-Metro Portion of State	1,795.6	.7240	2.75	9,758	696,917	641,941	1,968	325,657	51	246,208	38	72	76
State Total	**5,597.2**	**2.2576**	**2.73**	**10,815**	**3,101,925**	**2,907,330**	**6,568**	**1,365,843**	**47**	**1,182,455**	**41**	**98**	**89**
IOWA													
Cedar Rapids	169.1	.0682	2.52	12,759	98,354	88,959	201	38,823	44	40,384	45	90	99
Davenport - Rock Island - Moline	369.4	.1490	2.61	12,710	255,641	224,874	434	104,656	47	91,640	41	107	90
Des Moines	389.1	.1569	2.47	12,820	287,480	264,755	487	114,766	43	111,086	42	96	101
Dubuque	90.8	.0366	2.88	10,010	53,863	48,113	122	20,997	44	21,839	45	96	75
Iowa City	86.2	.0348	2.56	12,045	56,862	49,004	96	21,387	44	22,246	45	110	118
Sioux City	115.6	.0467	2.59	10,264	71,244	63,591	147	27,651	43	29,154	46	88	79
Waterloo - Cedar Falls	148.9	.0600	2.68	12,615	86,330	75,842	171	32,955	43	34,648	46	104	90
Non-Metro Portion of State	1,619.6	.6533	2.58	9,705	732,608	645,091	2,068	270,000	42	314,409	49	69	67
State Total	**2,847.4**	**1.1485**	**2.57**	**10,764**	**1,552,970**	**1,383,481**	**3,546**	**597,393**	**43**	**633,875**	**46**	**82**	**79**
KANSAS													
Kansas City	1,567.6	.6323	2.62	13,464	1,136,821	1,095,279	1,740	496,622	45	473,281	43	120	117
Lawrence	75.0	.0303	2.78	11,027	54,890	50,516	85	25,341	50	19,743	39	136	92
Topeka	163.6	.0660	2.52	13,489	115,792	109,522	226	54,947	50	42,807	39	103	92
Wichita	448.8	.1810	2.57	14,005	300,797	291,325	655	134,576	46	115,757	40	125	86
Non-Metro Portion of State	1,218.1	.4913	2.61	10,170	575,520	548,700	1,721	279,365	51	212,777	39	82	63
State Total	**2,511.3**	**1.0130**	**2.62**	**12,177**	**1,379,162**	**1,324,573**	**3,270**	**662,086**	**50**	**518,163**	**39**	**96**	**79**
KENTUCKY													
Clarksville - Hopkinsville	159.2	.0642	2.95	9,405	73,189	68,309	155	34,818	51	25,362	37	107	82
Huntington - Ashland	330.5	.1333	2.66	8,929	168,670	163,634	299	106,072	65	41,358	25	94	92
Lexington-Fayette	344.1	.1387	2.61	11,529	317,797	308,565	422	155,683	50	113,129	37	159	115
Louisville	968.3	.3905	2.67	11,343	740,332	695,040	932	372,215	54	241,771	35	128	121
Owensboro	87.9	.0355	2.66	9,840	78,433	72,489	106	40,418	56	23,989	33	127	96
Non-Metro Portion of State	2,056.1	.8295	2.79	8,343	723,881	709,616	1,501	441,283	62	213,539	30	70	102
State Total	**3,773.2**	**1.5219**	**2.74**	**9,637**	**2,103,749**	**2,016,289**	**3,257**	**1,122,615**	**56**	**683,873**	**34**	**100**	**110**
LOUISIANA													
Alexandria	139.1	.0561	2.83	8,218	52,045	50,117	130	20,873	42	17,119	34	58	92
Baton Rouge	543.2	.2191	2.88	9,773	291,783	274,264	516	146,141	53	86,139	31	74	109
Houma - Thibodaux	184.2	.0743	3.02	9,299	158,649	153,568	186	54,124	35	32,606	21	124	98
Lafayette	213.1	.0860	2.85	10,010	164,028	153,527	234	63,467	41	51,486	34	98	107
Lake Charles	172.8	.0697	2.82	9,554	77,923	73,014	153	30,409	42	24,939	34	54	103
Monroe	145.1	.0585	2.81	8,202	67,098	64,235	176	26,750	42	21,941	34	70	74
New Orleans	1,324.4	.5341	2.70	9,888	981,332	918,956	1,501	338,761	37	384,721	42	90	111
Shreveport	362.7	.1463	2.70	9,734	181,693	171,309	355	84,049	49	65,659	38	77	94
Non-Metro Portion of State	1,383.3	.5581	2.95	7,261	330,666	312,505	982	112,020	36	68,070	22	41	89
State Total	**4,467.9**	**1.8022**	**2.83**	**8,910**	**2,305,217**	**2,171,495**	**4,233**	**876,594**	**40**	**752,680**	**35**	**73**	**101**
MAINE													
Bangor	139.3	.0562	2.81	10,678	95,459	93,539	155	35,409	38	48,043	51	100	103
Lewiston - Auburn	102.0	.0411	2.65	11,143	59,871	57,655	104	21,822	38	29,612	51	72	99

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METRO REPORT

	12/31/88			1988									
					Eating Place		Fast Food		Restaurant				
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Portland	234.3	.0945	2.55	13,938	294,405	282,399	336	92,504	33	163,500	58	122	110
Non-Metro Portion of State	728.9	.2940	2.67	11,006	443,252	435,853	1,065	164,998	38	223,868	51	102	75
State Total	**1,204.5**	**.4858**	**2.66**	**11,550**	**892,987**	**869,446**	**1,660**	**314,733**	**36**	**465,023**	**53**	**104**	**86**
MARYLAND													
Baltimore	2,367.4	.9549	2.73	13,181	1,667,031	1,504,449	2,472	595,487	40	583,154	39	115	114
Cumberland	103.1	.0416	2.63	9,701	55,729	52,643	139	22,109	42	21,342	41	108	76
Hagerstown	115.8	.0467	2.75	10,560	43,595	36,791	121	14,982	41	15,144	41	65	104
Non-Metro Portion of State	331.2	.1336	2.72	11,098	255,567	242,957	460	95,240	39	129,409	53	129	93
State Total	**4,666.0**	**1.8821**	**2.74**	**14,512**	**3,302,540**	**3,076,553**	**4,981**	**1,224,148**	**40**	**1,282,444**	**42**	**110**	**112**
MASSACHUSETTS													
Boston - Lawrence - Salem - Lowell - Brockton	3,725.5	1.5027	2.65	16,774	4,208,691	3,964,222	4,973	1,022,441	26	2,094,196	53	158	117
New Bedford - Fall River - Attleboro	500.3	.2018	2.70	12,258	363,780	336,245	593	127,455	38	160,921	48	70	83
Pittsfield	142.6	.0575	2.57	13,228	108,522	99,824	237	28,469	29	60,148	60	81	77
Springfield	590.9	.2384	2.70	12,921	474,166	435,813	712	126,887	29	246,145	56	105	92
Worcester - Fitchburg - Leominster	677.6	.2733	2.71	14,215	495,897	463,656	783	121,695	26	256,124	55	127	98
Non-Metro Portion of State	271.1	.1093	2.41	14,390	378,215	356,342	696	81,770	23	254,312	71	148	66
State Total	**5,908.0**	**2.3830**	**2.65**	**15,518**	**6,029.271**	**5,656,102**	**7,994**	**1,508,717**	**27**	**3,071,846**	**54**	**137**	**105**
MICHIGAN													
Ann Arbor	273.8	.1104	2.70	12,908	202,025	191,145	351	74,240	39	92,031	48	141	118
Battle Creek	139.5	.0563	2.62	12,529	73,386	67,613	173	26,260	39	32,551	48	93	89
Benton Harbor	167.9	.0677	2.67	10,632	83,736	77,232	205	30,000	39	37,182	48	106	75
Detroit	4,396.4	1.7732	2.70	12,917	2,803,146	2,599,855	4,712	967,935	37	1,252,183	48	104	100
Flint	440.4	.1776	2.72	10,694	265,622	237,034	452	102,711	43	101,382	43	109	99
Grand Rapids	665.7	.2685	2.74	12,530	408,019	378,040	642	129,609	34	193,080	51	121	123
Jackson	150.0	.0605	2.84	11,094	60,853	55,781	143	21,667	39	26,855	48	99	97
Kalamazoo	222.1	.0896	2.66	13,371	157,306	150,357	273	59,313	39	67,158	45	162	105
Lansing - East Lansing	437.7	.1765	2.78	11,741	270,602	249,881	434	112,918	45	111,172	44	97	114
Muskegon	159.9	.0645	2.74	10,574	81,740	74,387	168	28,892	39	35,814	48	102	91
Saginaw - Bay City - Midland	408.5	.1648	2.80	10,950	254,621	232,090	386	90,103	39	113,386	49	108	106
Non-Metro Portion of State	1,873.4	.7559	2.77	9,515	708,516	622,511	2,168	246,716	40	325,995	52	69	65
State Total	**9,335.3**	**3.7655**	**2.73**	**11,855**	**5,369,572**	**4,935,926**	**10,107**	**1,890,364**	**38**	**2,388,789**	**48**	**101**	**95**
MINNESOTA													
Duluth	245.8	.0991	2.61	11,238	174,323	150,280	311	49,582	33	89,490	60	98	82
Fargo - Moorhead	150.8	.0608	2.67	11,068	114,296	100,577	197	39,509	39	53,202	53	144	93
Minneapolis - St. Paul	2,377.2	.9591	2.62	14,799	1,985,377	1,827,404	2,541	599,726	33	997,396	55	129	133
Rochester	98.9	.0399	2.65	14,048	74,791	70,546	111	23,722	34	39,273	56	102	148
St. Cloud	184.1	.0741	3.12	9,674	94,088	81,840	177	27,578	34	45,654	56	86	90
Non-Metro Portion of State	1,463.2	.5902	2.73	9,068	724,248	646,177	1,785	218,441	34	377,536	58	82	66
State Total	**4,326.8**	**1.7452**	**2.68**	**12,439**	**3,026,697**	**2,756,668**	**4,854**	**909,407**	**33**	**1,539,186**	**56**	**110**	**105**
MISSISSIPPI													
Biloxi - Gulfport	205.0	.0826	2.77	9,816	135,020	128,087	245	68,283	53	43,759	34	131	91
Jackson	402.5	.1625	2.83	10,211	171,375	169,013	402	85,936	51	59,117	35	92	108
Pascagoula	129.9	.0524	2.90	10,429	51,346	48,953	102	26,096	53	16,724	34	69	125
Non-Metro Portion of State	1,862.6	.7513	2.85	7,471	492,130	479,589	1,580	263,415	55	148,035	31	57	86
State Total	**2,667.4**	**1.0759**	**2.84**	**8,253**	**862,783**	**838,554**	**2,364**	**451,940**	**54**	**271,128**	**32**	**68**	**93**

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METRO REPORT

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
MISSOURI													
Columbia	111.1	.0448	2.72	12,57[illegible]	60,042	57,344	142	25,543	45	23,728	41	106	87
Joplin	136.5	.0550	2.61	9,667	78,007	74,992	185	33,408	45	31,032	41	97	64
Kansas City	1,567.6	.6323	2.62	13,464	1,136,821	1,095,279	1,740	496,622	45	473,281	43	120	117
St. Joseph	86.1	.0347	2.63	11,182	57,102	53,209	98	23,701	45	22,018	41	88	97
St. Louis	2,482.1	1.0011	2.72	12,944	1,736,568	1,623,494	2,728	741,198	46	615,635	38	117	109
Springfield	234.8	.0947	2.61	10,946	156,770	147,982	284	69,701	47	54,534	37	113	106
Non-Metro Portion of State	1,792.8	.7233	2.74	8,755	628,456	595,798	2,011	280,650	47	252,846	42	72	64
State Total	**5,205.0**	**2.0995**	**2.69**	**11,545**	**3,221,763**	**3,062,135**	**6,047**	**1,358,769**	**44**	**1,253,007**	**41**	**109**	**95**
MONTANA													
Billings	117.9	.0476	2.54	10,965	96,365	81,752	204	30,039	37	46,056	56	92	75
Great Falls	78.6	.0317	2.57	10,592	55,226	45,837	127	16,838	37	25,823	56	97	68
Non-Metro Portion of State	623.4	.2514	2.58	9,541	333,540	265,759	972	94,179	35	155,833	59	77	66
State Total	**819.9**	**.3307**	**2.57**	**9,846**	**485,131**	**393,348**	**1,303**	**141,056**	**36**	**227,712**	**58**	**82**	**68**
NEBRASKA													
Lincoln	210.7	.0850	2.54	14,003	154,050	139,156	246	59,149	43	67,651	49	127	109
Omaha	622.8	.2512	2.68	13,332	497,152	446,162	672	189,248	42	217,205	49	122	116
Non-Metro Portion of State	846.6	.3414	2.62	9,434	475,889	407,533	1,108	166,602	41	202,558	50	94	68
State Total	**1,610.1**	**.6494**	**2.63**	**11,455**	**1,078,231**	**949,229**	**1,952**	**394,390**	**42**	**467,875**	**49**	**109**	**89**
NEVADA													
Las Vegas	642.0	.2590	2.45	12,955	562,426	502,182	719	169,187	34	234,971	47	111	549
Reno	243.4	.0982	2.33	14,341	179,259	166,198	291	57,219	34	92,615	56	98	399
Non-Metro Portion of State	184.3	.0743	2.50	12,303	108,479	93,475	212	31,962	34	47,562	51	83	347
State Total	**1,069.7**	**.4315**	**2.43**	**13,158**	**850,164**	**761,855**	**1,222**	**258,368**	**34**	**375,148**	**49**	**104**	**478**
NEW HAMPSHIRE													
Manchester - Nashua	333.1	.1343	2.70	16,611	286,416	281,129	420	85,527	30	159,255	57	105	116
Portsmouth - Dover - Rochester	336.9	.1359	2.72	15,114	283,433	275,600	460	79,000	29	164,417	60	94	88
Non-Metro Portion of State	421.5	.1700	2.62	12,994	324,671	320,354	621	91,826	29	191,100	60	80	90
State Total	**1,091.5**	**.4402**	**2.67**	**14,752**	**894,520**	**877,083**	**1,501**	**256,353**	**29**	**514,772**	**59**	**91**	**97**
NEW JERSEY													
Atlantic City	312.4	.1260	2.52	12,701	356,244	315,800	693	95,817	30	176,867	56	123	423
Bergen - Passaic	1,295.7	.5226	2.68	18,897	1,006,772	923,501	1,484	234,001	25	476,208	52	84	109
Jersey City	546.5	.2204	2.57	12,408	240,343	196,662	501	65,191	33	98,856	50	51	109
Middlesex - Somerset - Hunterdon	978.6	.3948	2.81	18,345	626,920	541,140	1,021	159,395	29	287,912	53	69	120
Monmouth - Ocean	987.0	.3982	2.63	17,129	635,613	554,298	1,178	171,654	31	314,803	57	73	82
Newark	1,902.7	.7673	2.74	17,023	1,151,803	1,015,517	2,024	279,890	28	466,716	46	76	115
Trenton	327.9	.1323	2.74	18,048	231,775	204,656	385	59,532	29	102,609	50	79	113
Vineland - Millville - Bridgeton	139.8	.0564	2.86	11,786	51,678	44,332	126	13,304	30	22,615	51	43	100
State Total	**7,764.2**	**3.1318**	**2.71**	**16,590**	**4,983,494**	**4,405,991**	**8,562**	**1,305,661**	**30**	**2,242,368**	**51**	**77**	**134**
NEW MEXICO													
Albuquerque	497.0	.2004	2.59	10,640	403,740	383,422	667	156,417	41	172,838	45	148	95
Las Cruces	130.5	.0527	2.91	8,003	57,004	53,921	134	23,186	43	24,438	45	113	78
Santa Fe	112.4	.0454	2.60	12,762	98,970	95,665	170	43,369	45	43,670	46	177	99
Non-Metro Portion of State	798.0	.3218	2.91	8,039	351,204	320,072	935	142,718	45	147,911	46	82	72
State Total	**1,537.9**	**.6203**	**2.78**	**9,2[illegible]2**	**910,918**	**853,080**	**1,906**	**365,690**	**43**	**388,857**	**46**	**114**	**83**

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22ND ANNUAL RGI

METRO REPORT

	12/31/88			1988									
					Eating Place		Fast Food		Restaurant				
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
NEW YORK													
Albany - Schenectady - Troy	857.7	3460	2.64	13,048	480,370	442,104	1,111	143,996	33	240,795	54	67	89
Binghamton	265.8	1072	2.69	12,381	137,468	123,457	283	43,834	36	68,034	55	70	104
Buffalo	966.1	3897	2.68	11,678	632,758	565,961	1,289	189,910	34	264,571	47	80	79
Elmira	93.8	0379	2.73	10,383	52,679	47,646	94	12,867	27	24,461	51	86	97
Glens Falls	114.8	0463	2.83	10,503	70,660	65,436	230	17,668	27	33,596	51	67	67
Jamestown - Dunkirk	144.5	0582	2.68	10,284	76,209	65,116	196	23,683	36	32,374	50	71	74
Nassau - Suffolk	2,669.2	1.0766	3.04	17,339	1,817,363	1,698,082	3,342	468,200	28	828,665	49	76	86
New York	8,576.9	3.4595	2.48	14,095	6,872,403	6,519,008	10,013	1,462,583	22	3,524,859	54	138	112
Niagara Falls	217.7	0878	2.69	10,968	102,990	93,496	305	32,614	35	40,351	43	68	74
Orange County	290.7	1173	2.99	12,285	118,613	110,128	336	38,935	35	57,627	52	46	78
Poughkeepsie	262.2	1058	2.91	13,899	129,369	119,206	302	32,193	27	61,202	51	60	97
Rochester	993.3	4006	2.69	13,468	639,029	593,106	1,152	185,243	31	305,381	51	84	101
Syracuse	651.4	2627	2.75	12,340	399,996	359,564	808	115,345	32	186,073	52	76	93
Utica - Rome	321.4	1296	2.77	10,519	153,587	142,998	419	45,843	32	70,235	49	68	70
Non-Metro Portion of State	1,603.9	6471	2.82	10,243	731,544	655,377	1,972	238,632	36	326,155	50	68	83
State Total	**18,029.4**	**7.2723**	**2.65**	**13,724**	**12,415,038**	**11,600,685**	**21,852**	**3,051,546**	**26**	**6,066,379**	**52**	**99**	**98**
NORTH CAROLINA													
Asheville	173.2	0698	2.48	10,831	128,234	124,907	235	65,805	53	44,909	36	98	99
Burlington	104.5	0421	2.57	10,967	81,177	80,462	134	42,384	53	28,926	36	103	90
Charlotte - Gastonia - Rock Hill	1,113.1	4489	2.64	12,001	661,987	647,856	1,267	351,821	54	226,286	35	84	110
Fayetteville	268.0	1081	3.05	9,686	150,902	144,392	265	76,067	53	51,915	36	103	101
Greensboro - Winston-Salem - High Point	932.7	3762	2.58	12,135	648,525	637,970	1,100	299,946	47	220,172	35	115	102
Hickory	224.4	0906	2.66	11,294	120,477	119,333	283	63,741	53	42,905	36	85	93
Jacksonville	129.1	0521	3.32	8,291	59,274	52,261	143	27,531	53	18,789	36	101	64
Raleigh - Durham	688.0	2776	2.59	13,499	461,281	450,539	921	219,370	49	167,322	37	113	101
Wilmington	118.9	0479	2.56	10,571	102,510	100,085	180	52,729	53	35,982	36	118	81
Non-Metro Portion of State	2,929.4	1.1816	2.71	9,235	1,215,536	1,197,893	3,049	668,697	56	431,413	36	75	88
State Total	**6,554.1**	**2.6436**	**2.67**	**10,704**	**3,562,707**	**3,490,086**	**7,461**	**1,834,557**	**53**	**1,245,866**	**36**	**90**	**95**
NORTH DAKOTA													
Bismarck	89.9	0363	2.76	10,528	62,265	57,543	87	23,797	41	29,849	52	116	145
Fargo - Moorhead	150.8	0608	2.67	11,068	114,296	100,577	197	39,509	39	53,202	53	144	93
Grand Forks	70.6	0285	2.87	12,321	36,760	31,397	84	12,985	41	16,287	52	113	98
Non-Metro Portion of State	423.9	1709	2.77	9,447	203,990	164,003	556	61,831	38	89,279	54	73	63
State Total	**686.3**	**.2768**	**2.75**	**10,200**	**385,045**	**326,554**	**874**	**129,054**	**40**	**173,605**	**53**	**96**	**80**
OHIO													
Akron	649.5	2621	2.64	11,615	383,665	358,869	763	139,617	39	187,843	52	94	87
Canton	403.9	1629	2.71	10,670	213,371	198,878	510	85,501	43	100,056	50	85	76
Cincinnati	1,442.7	5816	2.64	12,482	1,031,541	953,804	1,694	388,051	41	433,554	45	105	106
Cleveland	1,853.9	7477	2.56	12,592	1,257,562	1,161,556	2,052	439,436	38	563,081	48	105	101
Columbus	1,334.9	5383	2.58	11,944	880,500	824,809	1,614	391,137	47	335,214	41	108	103
Dayton - Springfield	940.0	3791	2.57	12,213	536,830	500,881	1,094	246,507	49	193,437	39	91	93
Hamilton - Middletown	280.1	1130	2.77	10,803	131,960	121,477	269	53,679	44	53,270	44	93	89
Lima	158.7	0640	2.74	10,734	92,442	87,202	213	38,532	44	38,233	44	104	76
Lorain - Elyria	273.4	1103	2.81	11,892	107,401	95,583	267	42,235	44	41,915	44	65	93
Mansfield	129.1	0521	2.64	10,894	59,143	54,554	170	24,107	44	23,921	44	84	75
Parkersburg - Marietta	157.6	0636	2.52	9,883	87,906	81,323	160	41,216	51	30,784	38	102	96
Steubenville - Weirton	151.0	0609	2.65	10,146	67,023	60,288	159	30,154	50	23,184	38	68	85
Toledo	615.6	2484	2.63	11,850	439,969	407,998	752	154,761	38	199,779	49	101	89
Youngstown - Warren	508.4	2051	2.66	11,069	257,265	234,236	576	109,940	47	95,799	41	92	79
Non-Metro Portion of State	2,328.8	9393	2.74	9,861	800,690	753,300	2,530	345,992	46	296,173	39	73	73
State Total	**10,896.1**	**4.3950**	**2.64**	**11,497**	**6,069,290**	**5,633,056**	**12,460**	**2,406,099**	**43**	**2,512,166**	**45**	**94**	**90**

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METRO REPORT

STATE Metro Name	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
OKLAHOMA													
Enid	61.1	.0247	2.57	9,983	35,278	33,810	95	16,444	49	11,903	35	93	59
Lawton	119.1	.0480	3.05	8,759	57,666	54,804	129	26,654	49	19,297	35	82	76
Oklahoma City	983.8	.3968	2.61	10,236	747,918	726,833	1,618	335,865	46	269,794	37	114	67
Tulsa	747.4	.3015	2.59	10,141	428,625	417,748	979	204,759	49	140,664	34	99	81
Non-Metro Portion of State	1,369.5	.5524	2.66	7,923	468,931	460,605	1,606	231,270	50	160,695	35	61	61
State Total	**3,317.5**	**1.3381**	**2.64**	**9,153**	**1,742,017**	**1,697,350**	**4,460**	**816,720**	**48**	**603,600**	**36**	**88**	**68**
OREGON													
Eugene - Springfield	268.1	.1082	2.51	10,645	175,118	163,645	393	75,063	46	76,613	47	111	77
Medford	144.2	.0582	2.61	9,615	77,063	71,452	202	26,562	37	37,792	53	103	62
Portland	1,179.3	.4756	2.51	13,168	988,290	910,298	1,641	306,995	34	499,870	55	138	96
Salem	268.5	.1083	2.66	9,911	147,434	136,801	346	56,639	41	62,951	46	119	65
Non-Metro Portion of State	895.5	.3612	2.62	9,592	527,075	490,157	1,382	190,936	39	263,114	54	92	62
State Total	**2,755.6**	**1.1115**	**2.56**	**11,257**	**1,914,980**	**1,772,353**	**3,964**	**656,195**	**37**	**940,340**	**53**	**117**	**78**
PENNSYLVANIA													
Allentown - Bethlehem	674.3	.2720	2.59	13,038	402,057	375,399	781	128,418	34	170,070	45	90	92
Altoona	133.2	.0538	2.63	10,100	59,563	54,632	157	19,781	36	25,789	47	66	77
Beaver County	192.0	.0775	2.69	11,175	63,258	53,373	174	23,647	44	24,330	46	41	93
Erie	282.8	.1141	2.71	11,778	168,356	152,034	303	65,737	43	67,195	44	95	101
Harrisburg - Lebanon - Carlisle	588.4	.2372	2.59	13,156	393,630	360,327	661	138,038	38	167,576	47	76	119
Johnstown	254.8	.1028	2.73	8,610	78,141	68,827	224	32,521	47	31,240	45	52	83
Lancaster	407.2	.1643	2.73	12,396	246,410	229,660	426	77,771	34	136,246	59	82	117
Philadelphia	4,909.7	1.9806	2.69	14,000	3,306,048	2,971,397	4,853	1,002,273	34	1,371,057	46	91	115
Pittsburgh	2,109.1	.8507	2.54	12,093	1,335,433	1,206,081	2,335	406,088	34	595,316	49	91	95
Reading	329.4	.1328	2.56	12,601	228,216	211,480	399	80,062	38	114,052	54	97	90
Scranton - Wilkes-Barre	736.4	.2970	2.60	10,831	412,041	383,237	883	135,827	35	170,650	45	81	94
Sharon	124.7	.0502	2.70	10,893	56,860	50,961	138	18,453	36	24,059	47	87	78
State College	118.0	.0476	2.93	9,754	72,866	70,118	142	25,386	36	33,104	47	115	81
Williamsport	118.5	.0478	2.67	10,648	55,405	48,106	143	17,418	36	22,711	47	63	85
York	406.4	.1640	2.63	12,303	202,459	186,341	435	72,706	39	87,914	47	82	103
Non-Metro Portion of State	1,867.7	.7533	2.69	9,985	700,038	633,569	1,942	246,900	39	269,556	43	68	66
State Total	**12,045.8**	**4.8588**	**2.63**	**12,180**	**7,120,679**	**6,464,708**	**12,894**	**2,273,052**	**35**	**3,024,379**	**47**	**85**	**98**
RHODE ISLAND													
Providence - Pawtucket - Woonsocket	908.7	.3665	2.71	12,836	671,378	618,108	1,195	194,265	31	338,726	55	108	85
Non-Metro Portion of State	86.6	.0349	2.79	14,594	119,958	112,796	151	30,456	27	67,362	60	240	91
State Total	**995.3**	**.4014**	**2.72**	**12,989**	**791,336**	**730,904**	**1,346**	**224,721**	**31**	**406,088**	**56**	**118**	**86**
SOUTH CAROLINA													
Anderson	146.7	.0591	2.63	9,719	60,612	60,420	155	30,881	51	20,956	35	81	89
Charleston	513.6	.2071	2.91	9,554	324,148	312,082	476	147,716	47	97,164	31	105	126
Charlotte - Gastonia - Rock Hill	1,113.1	.4489	2.64	12,001	661,987	647,856	1,267	351,821	54	226,286	35	84	110
Columbia	465.8	.1879	2.74	11,905	270,388	264,794	520	140,380	53	86,500	33	108	104
Florence	121.7	.0491	2.84	8,548	54,780	54,233	128	27,721	51	18,806	35	79	110
Greenville - Spartanburg	625.4	.2523	2.64	10,331	352,477	345,744	764	193,071	56	110,068	32	85	91
Non-Metro Portion of State	1,388.8	.5602	2.80	8,835	638,984	618,259	1,382	277,576	45	254,907	41	80	109
State Total	**3,511.0**	**1.4162**	**2.77**	**9,779**	**1,810,309**	**1,762,394**	**3,629**	**872,656**	**50**	**622,351**	**35**	**87**	**106**
SOUTH DAKOTA													
Rapid City	79.9	.0323	2.59	11,904	65,449	61,132	128	20,397	33	35,141	57	118	84
Sioux Falls	127.8	.0516	2.53	13,080	88,940	78,888	142	27,881	35	44,336	56	105	120

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STATE Metro Name	12/31/88 Population (Thous.)	12/31/88 % Of U.S.	12/31/88 Average House-hold Size	1988 Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Non-Metro Portion of State	514.8	.2075	2.73	8,876	254,783	215,210	705	72,808	34	125,140	58	86	62
State Total	**722.5**	**.2914**	**2.68**	**9,954**	**409,172**	**355,230**	**975**	**121,086**	**34**	**204,617**	**58**	**94**	**73**
TENNESSEE													
Chattanooga	437.4	.1765	2.63	10,439	229,918	225,429	505	114,430	51	89,314	40	84	91
Clarksville - Hopkinsville	159.2	.0642	2.95	9,405	73,189	68,309	155	34,818	51	25,362	37	107	82
Jackson	78.5	.0316	2.62	10,424	42,706	41,204	86	20,558	50	16,726	41	96	99
Johnson City - Kingsport - Bristol	451.4	.1821	2.64	10,229	191,702	188,775	412	111,054	59	50,426	27	83	100
Knoxville	605.7	.2443	2.55	11,039	498,987	484,492	805	223,235	46	201,730	42	120	104
Memphis	981.2	.3956	2.75	10,596	536,506	523,221	996	269,237	51	178,311	34	109	122
Nashville	985.0	.3973	2.64	12,518	574,053	562,046	1,142	230,806	41	258,900	46	118	113
Non-Metro Portion of State	1,637.6	.6606	2.70	9,079	423,477	413,535	1,466	207,504	50	168,620	41	59	85
State Total	**4,948.2**	**1.9959**	**2.66**	**10,559**	**2,433,207**	**2,371,730**	**5,275**	**1,130,230**	**48**	**951,640**	**40**	**99**	**102**
TEXAS													
Abilene	124.9	.0504	2.76	9,850	90,228	85,689	157	37,563	44	33,716	39	87	74
Amarillo	197.0	.0795	2.63	11,635	128,517	120,916	303	53,003	44	47,574	39	95	71
Austin	746.1	.3009	2.60	12,118	526,534	485,237	1,076	210,014	43	207,899	43	100	87
Beaumont - Port Arthur	379.0	.1529	2.78	11,243	192,673	177,417	362	77,947	44	71,467	40	69	105
Brazoria	196.8	.0794	3.06	12,577	68,325	65,538	179	35,228	54	22,018	34	47	113

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	12/31/88				1988								
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Brownsville - Harlingen	262.9	.1061	3.46	6,792	137,653	129,215	241	56,644	44	50,841	39	78	87
Bryan - College Station	124.9	.0504	2.73	10,762	104,435	96,271	158	42,203	44	37,878	39	106	68
Corpus Christi	362.1	.1461	3.01	9,220	233,705	210,963	463	99,228	47	85,769	41	86	81
Dallas	2,476.2	.9987	2.65	13,503	1,873,834	1,773,977	3,274	711,509	40	727,232	41	102	120
El Paso	579.7	.2338	3.33	7,910	273,331	242,860	514	111,494	46	89,832	37	96	99
Fort Worth - Arlington	1,277.8	.5153	2.70	12,420	848,556	797,326	1,522	363,752	46	298,518	37	90	99
Galveston - Texas City	214.8	.0867	2.74	11,915	143,602	137,142	244	60,121	44	53,960	39	77	103
Houston	3,197.1	1.2896	2.72	12,404	2,326,480	2,176,295	3,590	839,077	39	930,716	43	99	119
Killeen - Temple	248.9	.1004	3.04	9,754	115,168	113,211	221	49,627	44	44,542	39	83	85
Laredo	122.6	.0495	3.73	5,664	70,696	69,128	95	30,305	44	27,196	39	59	108
Longview - Marshall	169.1	.0683	2.75	10,178	104,535	99,714	241	43,706	44	39,233	39	76	65
Lubbock	224.5	.0906	2.80	9,920	136,313	127,804	291	56,627	44	47,882	37	89	83
McAllen - Edinburg - Mission	376.6	.1519	3.62	5,724	137,101	129,446	287	54,093	42	43,564	34	61	84
Midland	112.5	.0453	2.72	13,944	94,067	87,054	130	38,162	44	34,253	39	78	93
Odessa	127.3	.0513	2.75	12,008	129,699	116,984	165	51,280	44	46,031	39	89	81
San Angelo	98.8	.0399	2.73	10,971	71,143	67,551	123	29,613	44	26,580	39	88	72
San Antonio	1,298.2	.5237	2.94	9,973	775,911	722,302	1,590	300,393	42	264,431	37	79	87
Sherman - Denison	98.5	.0397	2.59	11,197	47,295	46,006	134	20,168	44	18,100	39	85	61
Texarkana	122.3	.0493	2.71	9,239	58,004	56,487	138	26,757	47	21,240	38	73	76
Tyler	154.9	.0625	2.72	11,242	62,664	62,523	195	27,409	44	24,600	39	68	62
Victoria	76.4	.0308	2.93	9,978	42,879	38,092	93	16,698	44	14,986	39	66	69
Waco	192.3	.0775	2.72	9,518	101,126	94,545	226	41,444	44	37,201	39	82	81

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METRO REPORT

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Wichita Falls	126.2	.0509	2.73	10,038	94,906	89,834	171	39,380	44	35,345	39	108	78
Non-Metro Portion of State	3,269.8	1.3187	2.81	8,686	1,011,882	977,911	3,488	521,854	53	371,579	38	49	59
State Total	**16,918.9**	**6.8243**	**2.80**	**10,881**	**9,984,461**	**9,381,920**	**19,617**	**4,036,500**	**43**	**3,749,060**	**40**	**83**	**93**
UTAH													
Provo - Orem	250.0	.1008	3.68	6,954	80,677	78,866	202	36,000	46	35,651	45	79	97
Salt Lake City - Ogden	1,068.5	.4309	3.08	9,761	611,380	593,086	1,060	268,745	45	257,634	43	97	113
Non-Metro Portion of State	400.8	.1618	3.30	8,052	145,312	140,481	482	57,510	41	77,229	55	82	77
State Total	**1,719.3**	**.6935**	**3.21**	**8,955**	**837,369**	**812,433**	**1,744**	**362,255**	**45**	**370,514**	**46**	**92**	**101**
VERMONT													
Burlington	135.1	.0545	2.72	13,413	130,905	124,895	172	33,771	27	72,744	58	117	125
Non-Metro Portion of State	421.7	.1701	2.61	11,038	329,352	305,335	635	82,838	27	178,332	58	101	88
State Total	**556.8**	**.2246**	**2.64**	**11,615**	**460,257**	**430,230**	**807**	**116,609**	**27**	**251,076**	**58**	**106**	**95**
VIRGINIA													
Charlottesville	126.1	.0508	2.62	12,992	34,541	82,888	172	37,139	45	33,627	41	83	102

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METRO REPORT

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Danville	111.3	.0449	2.75	10,399	54,301	53,587	133	23,989	45	21,735	41	89	85
Lynchburg	148.8	.0601	2.87	11,282	88,261	87,341	152	39,116	45	35,422	41	89	108
Norfolk - Virginia Beach - Newport News	1,372.3	.5535	2.92	11,887	872,812	853,125	1,590	383,979	45	375,125	44	118	106
Richmond - Petersburg	843.4	.3403	2.74	13,384	542,736	535,043	1,026	259,357	48	207,326	39	91	106
Roanoke	230.5	.0930	2.59	12,162	153,110	149,280	312	66,922	45	60,624	41	97	95
Non-Metro Portion of State	1,720.2	.6937	2.88	10,053	659,973	652,525	1,628	327,940	50	221,450	34	68	108
State Total	**6,047.2**	**2.4392**	**2.79**	**13,438**	**3,694,471**	**3,641,427**	**6,683**	**1,587,723**	**44**	**1,496,797**	**41**	**96**	**112**
WASHINGTON													
Bellingham	118.6	.0478	2.57	10,815	87,865	80,552	179	27,416	34	44,414	55	106	70
Bremerton	180.5	.0728	2.66	12,073	101,635	89,117	152	30,328	34	49,138	55	99	101
Olympia	156.1	.0629	2.53	12,573	94,397	88,599	177	30,154	34	48,852	55	79	85
Richland - Kennewick - Pasco	150.7	.0608	2.74	13,706	79,566	71,707	166	24,404	34	39,535	55	78	107
Seattle	1,842.5	.7432	2.46	16,337	1,797,185	1,692,981	2,589	511,680	30	911,824	54	129	103
Spokane	357.3	.1442	2.52	10,731	245,650	230,700	457	90,401	39	118,412	51	100	84
Tacoma	555.9	2242	2.64	10,572	355,495	328,753	545	124,788	38	183,354	56	108	90
Vancouver	216.6	.0874	2.66	11,928	123,890	110,760	219	46,579	42	57,710	52	102	93
Yakima	186.4	.0752	2.67	9,850	101,371	92,495	209	31,479	34	51,002	55	85	82
Non-Metro Portion of State	865.6	.3491	2.55	11,133	494,067	443,582	1,190	159,869	36	270,741	61	79	69
State Total	**4,630.2**	**1.8676**	**2.54**	**13,252**	**3,481,121**	**3,229,246**	**5,883**	**1,077,098**	**33**	**1,774,982**	**55**	**108**	**91**
WEST VIRGINIA													
Charleston	266.2	.1074	2.50	10,718	139,762	135,064	293	73,082	54	46,853	35	80	93
Huntington - Ashland	330.5	.1333	2.66	8,929	168,670	163,634	299	106,072	65	41,358	25	94	92
Parkersburg - Marietta	157.6	.0636	2.62	9,883	87,906	81,323	160	41,216	51	30,784	38	102	96
Steubenville - Weirton	151.0	.0609	2.65	10,146	67,023	60,288	159	30,154	50	23,184	38	68	85
Wheeling	175.5	.0708	2.55	9,800	83,658	76,055	182	38,037	50	29,252	38	75	81
Non-Metro Portion of State	1,220.7	.4924	2.68	8,062	382,645	369,616	1,017	207,082	56	126,027	34	56	91
State Total	**1,919.7**	**.7743**	**2.63**	**8,744**	**777,724**	**745,326**	**1,756**	**421,678**	**57**	**246,241**	**33**	**69**	**92**
WISCONSIN													
Appleton - Oshkosh - Neenah	313.5	.1265	2.70	12,178	180,205	154,475	358	58,467	38	75,216	49	96	102
Eau Claire	139.7	.0563	2.75	10,560	90,585	75,073	166	26,216	35	42,289	56	90	85
Green Bay	191.9	.0774	2.67	11,583	132,589	116,820	222	40,698	35	65,669	56	118	101
Janesville - Beloit	138.1	.0557	2.66	12,196	91,630	76,226	182	26,553	35	42,849	56	80	75
Kenosha	121.9	.0492	2.74	14,979	94,462	77,623	122	27,045	35	43,628	56	90	103
La Crosse	96.2	.0388	2.66	11,781	66,114	56,304	136	19,514	35	31,651	56	100	93
Madison	352.0	.1420	2.49	13,416	312,878	272,965	445	101,566	37	158,795	58	120	113
Milwaukee	1,401.3	.5651	2.61	13,285	950,447	835,738	1,608	295,591	35	446,906	53	82	105
Racine	176.1	.0711	2.72	12,578	97,541	85,517	196	29,791	35	48,071	56	79	91
Sheboygan	103.3	.0417	2.69	12,491	52,892	44,975	110	15,672	35	25,278	56	81	99
Wausau	113.3	.0457	2.74	10,774	44,767	39,221	122	13,665	35	22,041	56	60	86
Non-Metro Portion of State	1,631.0	.6578	2.70	10,061	853,941	711,404	2,141	210,357	30	452,208	64	77	68
State Total	**4,869.6**	**1.9642**	**2.66**	**11,846**	**3,026,447**	**2,592,286**	**5,929**	**883,945**	**34**	**1,479,776**	**57**	**86**	**89**
WYOMING													
Casper	66.4	0268	2.59	10,542	44,695	40,432	85	16,196	40	20,226	50	87	105
Cheyenne	75.1	.0303	2.51	9,424	62,325	57,458	94	22,190	39	28,401	49	148	102
Non-Metro Portion of State	348.6	.1406	2.69	9,533	200,898	166,063	467	64,932	39	83,062	50	95	96
State Total	**490.1**	**.1977**	**2.65**	**9,653**	**307,918**	**263,953**	**646**	**103,318**	**39**	**131,689**	**50**	**102**	**98**
United States Total	**247,920.3**	**100.0000**	**2.69**	**12,359**	**159,688,617**	**149,557,397**	**289,477**	**56,908,639**	**38**	**70,918,274**	**47**	**100**	**100**

ADI SALES 1988

This section covers the 212 Areas of Dominant Influence of a TV signal.

	12/31/88				1988								
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Abilene - Sweetwater	310.7	.1255	2.68	9,279	158,526	151,060	389	72,002	48	58,659	39	68	59
Albany, Ga.	401.2	.1620	2.90	8,456	167,361	162,561	372	91,379	56	54,346	33	73	99
Albany - Schenectady - Troy	1,307.5	.5274	2.65	12,490	746,639	688,259	1,825	216,288	31	377,819	55	69	83
Albuquerque	1,448.4	.5840	2.80	9,167	842,135	790,513	1,759	333,964	42	365,204	46	112	86
Alexandria, La.	261.4	.1053	2.95	7,338	76,667	72,774	194	28,877	40	21,961	30	55	93
Alpena	42.1	.0169	2.65	9,750	14,740	11,643	55	4,542	39	6,251	54	61	60
Amarillo	499.9	.2017	2.70	9,984	253,132	239,366	712	112,880	47	95,305	40	70	62
Anniston	125.3	.0505	2.77	8,855	34,484	33,839	102	19,164	57	10,006	30	79	100
Ardmore - Ada	196.4	.0792	2.65	7,119	65,299	64,086	221	32,233	50	22,389	35	67	62
Atlanta	3,640.2	1.4682	2.70	12,708	2,722,449	2,609,599	4,517	1,249,001	48	958,737	37	120	108
Augusta	592.7	.2392	2.35	9,564	216,284	209,109	476	112,360	54	61,361	29	70	115
Austin, Tex.	911.3	.3676	2.61	11,569	605,057	559,614	1,301	249,610	45	236,130	42	94	80
Bakersfield	519.4	.2095	2.83	12,297	316,108	301,030	576	130,153	43	148,930	49	88	89
Baltimore	2,539.8	1.0244	2.73	13,052	1,751,656	1,583,977	2,665	628,688	40	624,136	39	113	112
Bangor	318.0	.1283	2.72	10,118	192,114	189,285	440	71,674	38	97,235	51	90	74
Baton Rouge	752.7	.3037	2.96	9,236	350,472	328,286	647	165,618	50	97,822	30	67	112
Beaumont - Port Arthur	457.0	.1845	2.77	10,809	203,815	188,559	418	83,958	45	75,740	40	63	101
Bend	71.4	.0288	2.63	9,492	40,908	38,756	119	15,080	39	20,786	54	97	64
Billings - Hardin	222.1	.0894	2.57	9,865	143,611	119,047	342	43,766	37	67,000	56	84	78
Biloxi - Gulfport - Pascagoula	182.9	.0737	2.78	9,868	128,210	122,231	228	65,206	53	41,786	34	146	91
Binghamton	434.3	.1751	2.71	11,479	196,123	176,190	442	63,368	36	93,170	53	63	97
Birmingham	1,380.5	.5569	2.64	9,665	561,093	545,691	1,245	296,482	54	167,604	31	84	97
Bluefield - Beckley - Oak Hill	412.2	.1662	2.73	7,968	125,191	123,274	312	67,919	55	41,832	34	54	104
Boise	428.0	.1728	2.73	10,017	236,263	216,282	503	84,056	39	111,771	52	97	100
Boston	5,582.5	2.2516	2.65	16,094	5,822,531	5,510,596	7,610	1,438,345	26	3,028,362	55	142	108
Bowling Green	120.5	.0486	2.76	8,516	74,647	71,411	104	44,285	62	21,438	30	115	109
Bristol - Kingsport - Johnson City	774.1	.3124	2.74	9,762	270,090	265,502	628	150,493	57	77,579	29	70	106
Buffalo	1,678.1	.6769	2.72	11,066	956,123	854,520	2,173	293,891	34	400,743	47	76	77
Burlington - Plattsburgh	722.0	.2912	2.72	11,061	515,392	480,337	975	137,937	29	275,122	57	89	94
Butte	127.8	.0515	2.58	9,677	82,737	65,320	214	23,125	35	38,275	59	92	70
Casper - Riverton	115.1	.0465	2.70	9,668	64,796	58,359	151	23,240	40	29,235	50	82	91
Cedar Rapids - Waterloo - Dubuque	819.8	.3307	2.66	10,886	423,255	371,817	979	158,087	43	175,261	47	88	81
Charleston, S.C.	638.9	.2576	2.91	9,105	383,581	371,391	561	174,286	47	121,575	33	99	126
Charleston - Huntington	1,414.0	.5705	2.72	8,682	542,071	521,347	1,230	296,159	57	168,199	32	74	89
Charlotte	1,920.7	.7746	2.67	11,195	1,009,883	991,627	2,157	537,145	54	351,776	35	79	103
Charlottesville	105.0	.0423	2.58	13,394	83,268	81,615	163	36,547	45	33,102	41	90	99
Chattanooga	786.4	.3174	2.68	9,864	356,579	350,948	844	183,221	52	135,099	38	72	92
Cheyenne - Scottsbluff	113.0	.0456	2.56	9,457	88,860	81,709	149	31,989	39	40,337	49	117	89
Chicago	8,578.5	3.4600	2.74	13,613	5,339,621	5,018,541	9,570	1,828,149	36	2,449,528	49	111	107
Chico - Redding	401.5	.1620	2.57	10,758	237,080	222,525	542	80,317	36	121,628	55	79	70
Cincinnati	1,988.9	.8022	2.67	11,745	1,228,949	1,136,741	2,235	474,226	42	508,860	45	98	98
Clarksburg - Weston	290.7	.1171	2.60	8,150	111,000	106,460	306	59,704	56	36,327	34	63	73
Cleveland	3,815.8	1.5391	2.63	11,819	2,218,580	2,052,842	4,332	815,433	40	987,578	48	94	91
Colorado Springs - Pueblo	626.9	.2527	2.65	10,103	358,206	329,476	767	130,398	40	151,506	46	104	84
Columbia, S.C.	829.7	.3346	2.79	10,317	380,074	373,150	800	189,144	51	131,272	35	93	105
Columbia - Jefferson City	370.6	.1497	2.78	10,582	165,489	156,848	418	72,379	46	65,941	42	88	81
Columbus, Ga.	514.1	.2074	2.79	9,251	199,740	192,766	479	107,959	56	62,589	32	86	90
Columbus - Tupelo	459.5	.1852	2.80	7,599	102,301	98,920	391	54,775	55	30,534	31	46	86
Columbus, Ohio	1,791.2	.7224	2.62	11,240	1,020,691	959,274	2,041	453,381	47	387,316	40	100	98
Corpus Christi	526.6	.2126	3.03	8,738	307,497	282,194	651	137,220	49	112,860	40	76	76

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ADI REPORT

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Dallas - Ft. Worth	4,510.1	1.8190	2.66	12,562	2,969,494	2,810,857	5,585	1,199,334	43	1,116,962	40	92	106
Davenport - Rock Island - Moline	830.1	.3348	2.61	11,538	463,644	406,731	1,012	188,652	46	173,025	43	90	78
Dayton	1,316.5	.5309	2.62	11,747	673,797	631,646	1,522	309,993	49	243,715	39	88	88
Denver	2,661.6	1.0739	2.54	12,437	2,046,617	1,911,143	3,815	594,295	31	1,042,871	55	115	93
Des Moines	967.3	.3901	2.52	11,138	565,632	514,876	1,214	219,459	43	232,874	45	81	83
Detroit	4,670.2	1.8836	2.70	12,916	3,005,171	2,791,000	5,063	1,042,175	37	1,344,214	48	106	101
Dothan	286.8	.1156	2.75	8,578	102,779	101,143	239	60,579	60	31,446	31	82	97
Duluth - Superior	451.1	.1819	2.63	10,116	272,087	232,826	608	76,927	33	139,158	60	86	71
El Centro - Yuma	206.4	.0833	3.04	8,494	93,973	86,008	247	32,437	38	47,690	55	60	75
El Paso	716.8	.2892	3.24	7,908	334,063	300,394	662	136,673	45	115,682	39	99	94
Elmira	234.9	.0948	2.74	10,165	111,468	100,865	258	32,529	32	50,174	50	79	86
Erie	421.6	.1702	2.71	11,179	237,006	212,185	463	89,072	42	92,677	44	92	88
Eugene	491.5	.1984	2.58	10,247	298,124	278,794	726	119,865	43	139,370	50	102	69
Eureka	136.6	.0551	2.53	11,485	86,865	80,508	234	30,191	38	47,363	59	70	69
Evansville	704.0	.2839	2.65	10,556	379,601	355,248	722	190,643	54	128,331	36	82	97
Fargo	595.6	.2400	2.73	9,675	312,696	269,300	751	101,587	38	147,055	55	97	71
Flagstaff	94.0	.0379	3.14	8,902	85,891	80,915	151	30,643	38	42,800	53	122	126
Flint - Saginaw - Bay City	1,266.2	.5109	2.78	10,455	668,381	600,732	1,246	247,962	41	282,090	47	94	91
Florence, S.C.	425.4	.1717	2.79	8,898	306,240	290,954	613	133,803	46	116,226	40	109	100
Ft. Myers - Naples	566.8	.2287	2.34	12,941	387,083	369,112	720	138,112	37	203,218	55	82	84

continued on page 172

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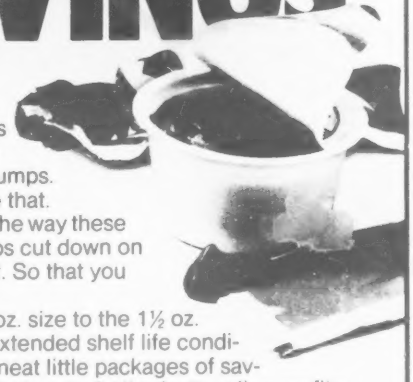

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For information circle number 191

ADI REPORT

	12/31/88				1988								
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Ft. Smith	519.5	.2097	2.68	9,336	180,838	177,504	612	100,479	57	58,262	33	70	68
Ft. Wayne	637.9	.2573	2.75	10,872	327,791	305,842	748	118,564	39	156,670	51	96	88
Fresno - Visalia	1,278.6	.5157	2.94	10,947	628,193	587,354	1,394	264,194	45	295,564	50	84	84
Gainesville	227.3	.0917	2.61	10,344	150,714	143,654	296	52,932	37	72,671	51	90	91
Grand Junction - Durango	174.8	.0704	2.66	10,036	131,444	123,264	239	36.005	29	76,936	62	126	113
Grand Rapids - Kaiamazoo - Battle Creek	1,712.5	.6908	2.75	11,697	869,441	801,629	1,751	296,012	37	395,050	49	104	99
Great Falls	173.0	.0697	2.59	9,770	89,719	71,955	273	26,185	36	41,272	57	81	65
Green Bay - Appleton	1,025.2	.4134	2.69	10,957	549,803	474,678	1,239	162,179	34	266,922	56	87	84
Greensboro - Winston-Salem - High Point	1,333.9	.5379	2.60	11,551	838,369	825,343	1,507	401,405	49	287,329	35	103	101
Greenville - New Bern - Washington	623.6	.2517	2.81	8,779	269,561	257,304	654	142,188	55	92,662	36	83	81
Greenville - Spartanburg - Asheville	1,687.1	.6804	2.63	9,939	811,058	796,071	1,884	430,042	54	274,519	34	78	92
Greenwood - Greenville	253.0	.1020	3.04	6,411	69,652	69,365	217	37,898	55	21,288	31	63	80
Hagerstown	115.8	.0467	2.75	10,560	43,595	36,791	121	14,982	41	15,144	41	65	104
Harrisburg - York - Lancaster - Lebanon	1,470.6	.5932	2.64	12,523	863,912	796,011	1,592	296,172	37	400,095	50	79	112
Harrisonburg	103.8	.0419	2.90	9,449	51,730	49,514	113	24,702	50	16,577	33	79	103

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22ND ANNUAL RGI

ADI REPORT

ADI Name	12/31/88 Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	1988 Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Hartford - New Haven	2,435.7	.9824	2.69	15,579	2,036,018	1,890,202	3,135	603,723	32	958,125	51	117	99
Helena	48.3	.0195	2.46	10,964	33,611	26,474	64	9,330	35	15,450	58	74	89
Houston	3,949.1	1.5929	2.75	12,141	2,648,167	2,482,756	4,388	989,696	40	1,046,098	42	92	113
Huntsville - Decatur - Florence	807.0	.3254	2.65	10,166	324,023	316,298	776	178,988	57	100,937	32	95	96
Idaho Falls - Pocatello	313.0	.1261	3.07	8,924	118,613	110,866	322	43,832	40	58,638	53	76	88
Indianapolis	2,296.9	.9264	2.69	11,408	1,368,766	1,289,489	2,767	612,964	48	493,421	38	107	92
Jackson, Miss.	828.4	.3343	2.84	8,764	273,298	267,387	717	140,128	52	89,540	33	74	105
Jackson, Tenn.	153.8	.0620	2.63	9,464	57,846	55,516	157	27,698	50	22,528	41	82	85
Jacksonville	1,226.0	.4943	2.66	11,333	703,549	668,556	1,339	325,816	49	269,480	40	102	117
Johnstown - Altoona	775.3	.3129	2.73	9,463	302,604	274,813	794	109,315	40	124,682	45	66	76
Jonesboro	196.3	.0790	2.65	8,331	68,776	68,303	198	40,868	60	20,357	30	71	73
Joplin - Pittsburg	370.7	.1491	2.58	9,164	160,552	154,893	541	73,524	47	62,047	40	84	56
Kansas City	1,985.8	.8010	2.64	12,636	1,305,990	1,255,968	2,204	574,717	46	538,974	43	114	106
Knoxville	1,063.7	.4291	2.63	9,824	633,535	617,005	1,195	293,270	48	252,342	41	102	98
La Crosse - Eau Claire	455.0	.1836	2.73	10,312	261,422	217,723	552	72,506	33	127,107	58	82	78
Lafayette, Ind.	123.7	.0499	2.82	11,150	79,153	73,957	149	34,960	47	29,900	40	138	97
Lafayette, La.	570.0	.2299	2.91	8,394	255,950	240,540	513	94,154	39	69,967	29	67	92
Lake Charles	216.0	.0871	2.83	9,312	85,999	80,553	176	33,072	41	26,538	33	50	105
Lansing	631.8	.2548	2.80	11,379	345,543	319,064	618	139,774	44	145,174	45	96	107
Laredo	131.4	.0531	3.68	5,641	72,903	71,335	103	31,523	44	28,062	39	58	104

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ADI Name	12/31/88			1988									
	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Las Vegas	661.7	.2670	2.45	12,879	568,601	506,598	733	170,698	34	237,223	47	110	543
Laurel - Hattiesburg	251.6	.1016	2.78	8,054	90,866	88,166	267	48,218	55	27,099	31	70	75
Lexington	997.6	.4021	2.73	9,246	558,988	542,934	883	301,272	55	183,582	34	110	110
Lima	113.6	.0458	2.73	10,807	76,033	71,866	153	31,755	44	31,511	44	112	80
Lincoln - Hastings - Kearney	654.8	.2641	2.58	10,849	418,009	369,223	830	154,090	42	180,521	49	110	83
Little Rock	1,255.1	.5064	2.71	9,603	477,537	469,720	1,328	262,170	56	153,681	33	67	87
Los Angeles	12,940.0	5.2193	2.78	15,021	10,241,819	9,804,075	15,157	3,436,862	35	5,244,919	53	133	107
Louisville	1,489.5	.6006	2.73	10,460	912,563	861,807	1,348	468,741	54	296,976	34	109	114
Lubbock	392.1	.1578	2.86	8,886	175,822	166,433	476	77,217	46	62,531	38	72	70
Macon	499.2	.2015	2.87	10,237	220,777	214,614	483	116,118	54	73,660	34	76	103
Madison	705.3	.2844	2.55	12,212	530,041	454,842	920	159,365	35	268,813	59	100	91
Mankato	63.3	.0256	2.71	10,022	42,071	36,919	89	12,599	34	20,862	57	85	68
Marquette	156.5	.0632	2.78	8,767	50,818	41,647	175	15,993	38	22,419	54	52	62
McAllen - Brownsville	696.5	.2810	3.57	6,011	280,678	264,422	561	113,839	43	96,613	37	65	84
Medford	355.4	.1433	2.58	9,436	190,259	176,998	521	67,331	38	95,750	54	88	61
Memphis	1,677.5	.6763	2.78	9,344	690,284	671,055	1,549	350,438	52	227,628	34	87	109
Meridian	185.4	.0748	2.75	8,356	54,776	53,769	147	30,353	56	16,392	30	62	99
Miami	3,141.4	1.2671	2.47	13,573	2,691,974	2,536,416	4,271	786,950	31	1,341,551	53	121	106
Milwaukee	2,021.6	.8154	2.64	12,990	1,321,863	1,153,564	2,335	400,414	35	633,364	55	84	100

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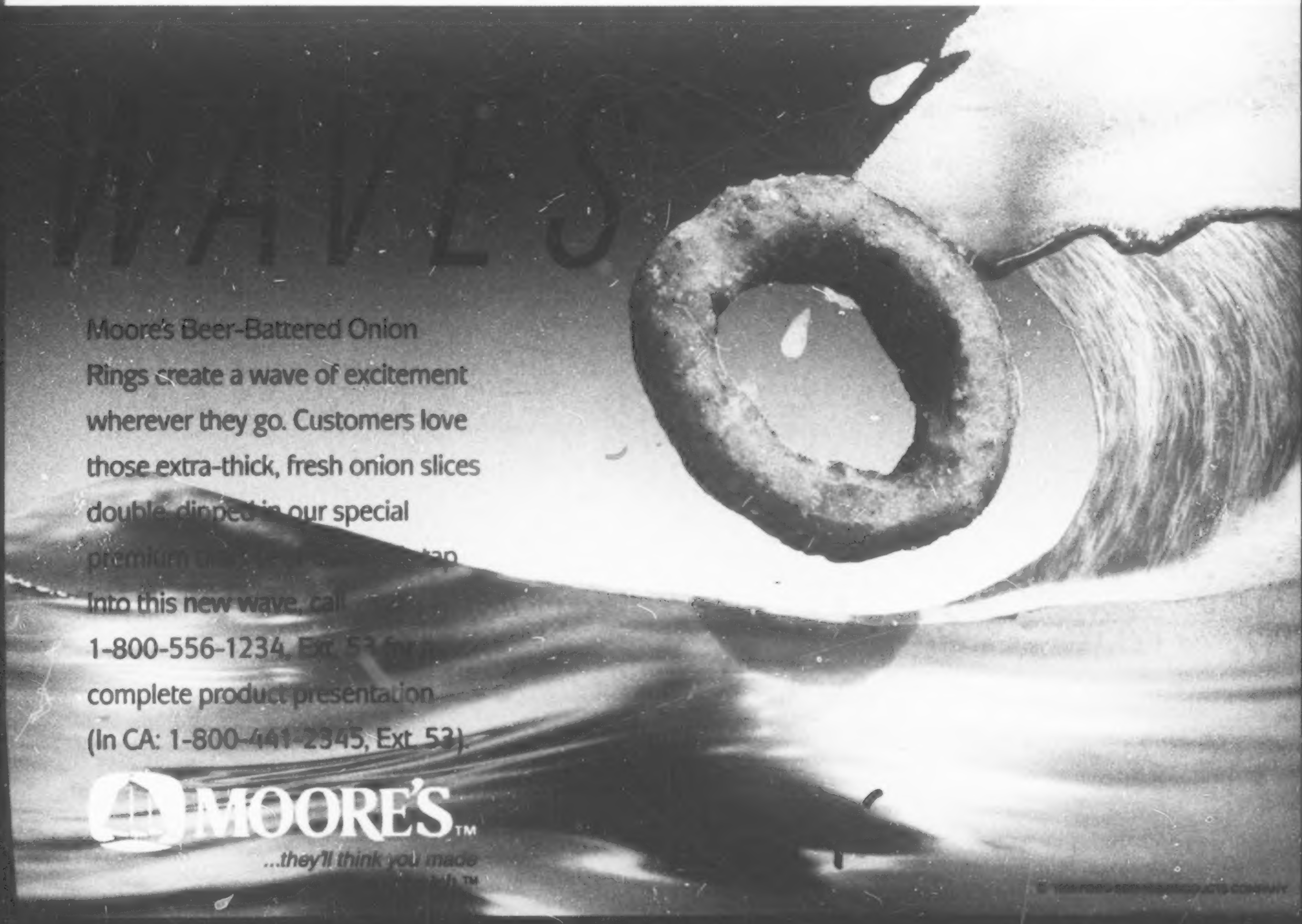

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22ND ANNUAL RGI

ADI REPORT

	12/31/88			1988									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Minneapolis - St. Paul	3,550.8	1.4324	2.68	12,996	2,585,648	2,350,698	3,946	773,824	33	1,305,310	56	115	110
Minot - Bismarck - Dickinson	402.1	.1623	2.78	9,739	209,971	174,489	495	67,329	39	93,923	54	81	82
Missoula	203.4	.0822	2.54	9,687	125,783	103,024	339	36,386	35	60,240	58	85	61
Mobile - Pensacola	1,275.3	.5145	2.76	10,239	667,578	629,034	1,283	306,891	49	226,911	36	93	99
Monroe - El Dorado	518.6	.2092	2.81	7,381	137,625	130,865	443	55,098	42	37,663	29	48	79
Montgomery - Selma	606.4	.2445	2.78	8,563	226,742	220,367	478	129,701	59	64,037	29	89	111
Nashville	1,898.1	.7654	2.67	10,941	844,336	824,422	1,948	369,006	45	358,190	43	94	103
New Orleans	1,769.7	.7138	2.77	9,526	1,230,275	1,158,284	1,924	426,132	37	437,315	38	90	105
New York	18,692.0	7.5396	2.64	15,740	13,539,670	12,570,569	21,746	3,152,749	25	6,601,405	53	99	105
Norfolk - Portsmouth - Newport News - Hampton	1,641.0	.6619	2.89	11,415	989,027	968,511	1,893	446,925	46	416,194	43	111	102
North Platte	47.8	.0192	2.63	10,529	34,940	31,215	64	12,719	41	15,465	50	122	94
Odessa - Midland	395.0	.1592	2.82	11,166	286,456	264,088	521	121,547	46	103,168	39	72	73
Oklahoma City	1,565.7	.6317	2.61	9,702	993,598	966,806	2,354	455,619	47	353,453	37	95	66
Omaha	934.4	.3770	2.65	12,043	634,908	563,198	1,058	238,101	42	274,986	49	106	96
Orlando - Daytona Beach - Melbourne	2,112.1	.8519	2.51	11,868	1,543,163	1,473,157	2,547	565,190	38	735,037	50	103	127
Ottumwa - Kirksville	75.2	.0303	2.61	8,820	35,003	31,676	90	14,338	45	14,119	45	81	63
Paducah - Cape Girardeau - Harrisburg - Marion	860.9	.3474	2.60	9,174	344,849	326,119	930	172,259	53	124,115	38	73	71
Palm Springs	990.0	.3993	2.76	12,974	587,768	565,987	972	233,435	41	306,531	54	89	98
Panama City	212.4	.0856	2.63	8,771	135,610	128,361	309	47,892	37	64,927	51	118	76
Parkersburg	92.0	.0371	2.54	10,221	56,406	53,221	96	28,796	54	18,461	35	106	99
Peoria - Bloomington	559.2	.2257	2.66	13,062	297,201	270,589	631	114,660	42	130,575	48	92	95
Philadelphia	7,243.3	2.9218	2.68	13,897	4,921,855	4,449,162	7,861	1,512,911	34	2,117,597	48	92	140
Phoenix	2,519.6	1.0164	2.57	12,041	1,780,927	1,665,062	2,849	587,210	35	848,130	51	92	109
Pittsburgh	3,051.3	1.2306	2.59	11,520	1,691,126	1,522,311	3,228	540,276	35	727,867	48	83	91
Portland, Ore.	2,104.5	.8488	2.56	12,017	1,541,916	1,419,792	2,874	510,520	36	765,553	54	124	86
Portland - Poland Spring	870.0	.3508	2.60	12,311	732,216	711,727	1,289	249,022	35	389,408	55	112	89
Presque Isle	86.1	.0348	2.89	9,623	34,579	33,618	93	12,720	38	17,266	51	65	82
Providence - New Bedford	1,507.3	.6079	2.71	12,758	1,179,594	1,089,933	1,992	358,690	33	580,726	53	97	84
Quincy - Hannibal	321.3	.1297	2.62	9,519	130,446	115,781	373	56,238	49	48,904	42	69	66
Raleigh - Durham	1,867.8	.7534	2.73	10,813	999,226	978,857	2,092	509,350	52	357,208	36	96	98
Rapid City	235.7	.0954	2.71	9,902	136,296	117,745	316	41,088	35	6[illegible]174	56	98	74
Reno	414.4	.1669	2.44	13,368	307,041	280,149	540	97,540	35	153,823	55	98	340
Richmond	1,226.3	.4947	2.79	12,320	665,443	656,675	1,347	321,161	49	249,081	38	82	108
Roanoke - Lynchburg	1,019.7	.4112	2.80	10,729	484,612	476,854	1,055	224,524	47	181,617	38	81	109
Rochester, N.Y.	952.4	.3841	2.69	13,547	627,743	582,412	1,115	181,469	31	299,871	51	85	101
Rochester - Mason City - Austin	368.0	.1485	2.58	10,864	210,450	188,326	459	68,156	36	102,522	54	83	85
Rockford	415.1	.1676	2.64	12,375	212,475	193,852	481	82,316	42	92,026	47	85	88
Sacramento - Stockton	2,862.9	1.1548	2.70	13,071	1,841,339	1,724,970	3,608	747,706	43	855,569	50	102	81
St. Joseph	125.9	.0508	2.62	10,798	72,009	67,052	142	30,234	45	27,892	42	81	85
St. Louis	3,053.3	1.2315	2.72	12,302	1,926,984	1,799,595	3,256	827,876	46	689,099	38	109	103
Salinas - Monterey	621.0	.2506	2.90	13,504	430,275	407,684	912	144,446	35	242,587	60	126	87
Salisbury	246.9	.0997	2.67	10,410	252,348	239,533	439	96,979	40	123,065	51	154	82
Salt Lake City	1,891.4	.7629	3.16	9,074	932,311	891,990	1,964	392,523	44	410,594	46	93	106
San Angelo	132.4	.0534	2.75	10,236	82,409	78,523	175	35,490	45	30,749	39	75	66
San Antonio	1,677.8	.6767	2.96	9,426	875,080	816,877	1,978	350,912	43	300,424	37	71	81
San Diego	2,382.0	.9608	2.75	15,175	1,940,387	1,834,967	2,882	641,383	35	986,828	54	131	107
San Francisco - Oakland - San Jose	5,658.5	2.2825	2.57	17,834	5,509,559	5,182,309	8,490	1,673,853	32	2,853,909	55	135	101
Santa Barbara - Santa Maria - San Luis Obispo	554.9	.2238	2.65	14,192	520,285	497,056	885	159,093	32	308,998	62	122	84

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ADI REPORT

	12/31/88			1988									
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Savannah	651.9	.2629	2.86	9,842	358,079	342,169	681	175,694	51	124,372	36	93	109
Seattle - Tacoma	3,288.4	1.3263	2.51	14,141	2,709,681	2,523,473	4,326	812,068	32	1,386,123	55	115	93
Shreveport - Texarkana	1,113.8	.4495	2.73	8,905	371,834	358,677	1,018	176,561	49	132,203	37	59	83
Sioux City	410.4	.1655	2.61	9,254	200,442	172,763	542	72,827	42	83,045	48	78	64
Sioux Falls - Mitchell	626.4	.2525	2.64	9,609	344,465	294,769	844	101,489	34	169,475	57	89	70
South Bend - Elkhart	803.2	.3238	2.71	10,731	409,820	381,623	1,025	165,226	43	175,606	46	95	76
Spokane	854.9	.3448	2.61	10,287	468,277	427,884	1,025	164,873	39	230,944	54	81	79
Springfield, Mass	659.9	.2662	2.68	12,860	527,243	484,749	806	140,845	29	275,642	57	106	90
Springfield, Mo	787.2	.3174	2.65	9,087	335,453	317,883	988	153,302	48	122,954	39	83	71
Springfield - Decatur - Champaign	881.8	.3555	2.60	11,562	515,806	464,493	964	200,241	43	209,178	45	91	96
Syracuse	949.0	.3828	2.78	11,833	541,694	487,192	1,192	161,865	33	251,636	52	77	87
Tallahassee - Thomasville	523.1	.2110	2.78	9,615	254,626	245,808	504	108,258	44	110,533	45	83	113
Tampa - St. Petersburg (sarasota)	3,086.1	1.2449	2.38	12,204	2,100,753	1,995,927	3,615	741,682	37	997,816	50	90	95
Terre Haute	427.6	.1728	2.60	10,088	183,539	168,439	459	83,221	49	67,214	40	74	76
Toledo	1,104.7	.4456	2.69	11,399	644,001	596,516	1,337	236,359	40	282,862	47	95	81
Topeka	404.7	.1635	2.65	11,338	244,300	226,430	519	114,519	51	88,219	39	99	82
Traverse City - Cadillac	433.4	.1750	2.65	8,829	238,829	210,591	672	81,759	39	112,558	53	82	64
Tucson	784.6	.3164	2.56	10,280	472,258	433,759	906	172,929	40	206,070	48	91	88
Tulsa	1,199.6	.4836	2.61	9,361	568,460	555,237	1,496	274,133	49	189,484	34	87	74
Tuscaloosa	147.4	.0595	2.70	8,952	72,167	68,325	158	38,698	57	20,206	30	84	86
Twin Falls	85.6	.0346	2.83	9,299	33,601	31,327	81	12,375	40	16,578	53	82	91
Tyler - Longview	467.4	.1888	2.76	10,014	204,531	199,025	564	92,735	47	77,544	39	65	66
Utica	382.3	.1542	2.77	10,582	183,590	169,880	503	55,621	33	83,597	49	70	69
Victoria	76.4	.0308	2.93	9,978	42,879	38,092	93	16,698	44	14,986	39	66	69
Waco - Temple - Bryan	688.2	.2775	2.82	9,648	348,754	331,682	704	148,018	45	130,124	39	83	78
Washington, D.C.	4,490.8	1.8117	2.68	16,814	3,626,658	3,519,968	5,270	1,263,092	36	1,536,388	44	121	125
Watertown - Carthage	239.5	.0967	2.91	9,056	109,047	93,789	307	34,131	36	46,659	50	71	66
Wausau - Rhinelander	445.2	.1796	2.72	10,441	220,722	190,130	561	58,248	31	117,880	62	71	73
West Palm Beach - Ft. Pierce - Vero Beach	1,179.7	.4759	2.35	14,992	909,768	861,212	1,427	250,885	29	526,555	61	95	104
Wheeling - Steubenville	413.4	.1668	2.63	9,485	165,873	153,202	436	75,624	49	59,219	39	70	78
Wichita - Hutchinson	1,121.6	.4523	2.58	11,932	634,712	613,688	1,658	298,523	49	240,827	39	96	72
Wichita Falls - Lawton	445.7	.1798	2.75	8,991	223,709	215,440	540	102,389	48	80,489	37	82	68
Wilkes-Barre - Scranton	1,297.2	.5232	2.62	10,319	609,681	563,294	1,459	210,970	37	242,409	43	71	77
Wilmington	392.5	.1584	2.76	8,835	190,829	186,757	453	100,237	54	67,212	36	86	79
Yakima	479.0	.1932	2.70	11,132	269,462	243,957	573	85,618	35	136,675	56	83	84
Youngstown	744.1	.3001	2.67	10,798	348,377	317,068	835	143,084	45	132,155	42	85	77
Zanesville	85.0	.0343	2.65	9,028	35,701	32,880	107	15,155	46	12,685	39	81	65
Total U.S. ADIs	246,277.6	99.3374	2.68	12,352	157,763,022	147,785,139	287,168	56,345,489	38	70,027,020	47	100	100

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TOTAL POPULATION BY MARKET 1988

MSA	Pop. (000)	Rank
Los Angeles - Long Beach	8,704.7	1
New York	8,576.9	2
Chicago	6,203.1	3
Philadelphia	4,909.7	4
Detroit	4,396.4	5
Washington	3,729.8	6
Boston - Lawrence - Salem - Lowell - Brockton	3,725.5	7
Houston	3,197.1	8
Atlanta	2,766.4	9
Nassau - Suffolk	2,669.2	10
St. Louis	2,482.1	11
Dallas	2,476.2	12
San Diego	2,382.0	13
Minneapolis - St. Paul	2,377.2	14
Baltimore	2,367.4	15
Riverside - San Bernardino	2,287.7	16
Anaheim - Santa Ana	2,273.7	17
Pittsburgh	2,109.1	18
Phoenix	2,057.6	19
Tampa - St. Petersburg - Clearwater	2,033.1	20
Oakland	2,009.1	21
Newark	1,902.7	22
Cleveland	1,853.9	23
Miami - Hialeah	1,850.4	24
Seattle	1,842.5	25
Denver	1,684.5	26
San Francisco	1,605.5	27
Kansas City	1,567.6	28
Cincinnati	1,442.7	29
San Jose	1,437.4	30
Milwaukee	1,401.3	31
Sacramento	1,398.2	32
Norfolk - Virginia Beach - Newport News	1,372.3	33
Columbus, Ohio	1,334.9	34
New Orleans	1,324.4	35
San Antonio	1,298.2	36
Bergen - Passaic	1,295.7	37
Fort Worth - Arlington	1,277.8	38
Indianapolis	1,243.4	39
Fort Lauderdale - Hollywood - Pompano Beach	1,214.3	40
Portland, Ore.	1,179.3	41
Hartford - New Britain - Middletown - Bristol	1,117.4	42
Charlotte - Gastonia - Rock Hill	1,113.1	43
Salt Lake City - Ogden	1,068.5	44
Rochester, N.Y.	993.3	45
Orlando	989.7	46
Monmouth - Ocean	987.0	47
Nashville	985.0	48
Oklahoma City	983.8	49
Memphis	981.0	50
Middlesex - Somerset - Hunterdon	978.6	51
Louisville	968.3	52
Buffalo	966.1	53
Dayton - Springfield	940.0	54
Birmingham	934.9	55
Greensboro - Winston-Salem - High Point	332.7	56
Jacksonville, Fla.	918.0	57
Providence - Pawtucket - Woonsocket	908.7	58
Albany - Schenectady - Troy	857.7	59
Honolulu	844.3	60
Richmond - Petersburg	843.4	61
West Palm Beach - Boca Raton - Delray Beach	835.8	62
Bridgeport - Stamford - Norwalk - Danbury	830.9	63
New Haven - Waterbury - Meriden	793.6	64
Tulsa	747.4	65
Austin	746.1	66
Scranton - Wilkes-Barre	736.4	67
Raleigh - Durham	688.0	68
Worcester - Fitchburg - Leominster	677.6	69
Allentown - Bethlehem	674.3	70
Grand Rapids	665.7	71
Syracuse	651.4	72
Tucson	650.0	73
Akron	649.5	74
Oxnard - Ventura	645.1	75
Las Vegas	642.0	76
Greenville - Spartanburg	625.4	77
Gary - Hammond	624.3	78
Omaha	622.8	79
Toledo	615.6	80
Fresno	613.7	81
Knoxville	605.7	82
Springfield, Mass.	590.9	83
Harrisburg - Lebanon - Carlisle	588.4	84
El Paso	579.7	85
Wilmington, Del.	564.7	86
Tacoma	555.9	87
Jersey City	546.5	88
Baton Rouge	543.2	89
Little Rock - North Little Rock	521.8	90
Bakersfield	519.4	91
Charleston, S.C.	513.6	92
Youngstown - Warren	508.4	93
New Bedford - Fall River - Attleboro	500.3	94
Lake County, Ill.	498.3	95
Albuquerque	497.0	96
Mobile	488.1	97
Stockton	467.2	98
Columbia, S.C.	465.8	99
Johnson City - Kingsport - Bristol	451.4	100
Wichita	448.8	101
Flint	440.4	102
Lansing - East Lansing	437.7	103
Chattanooga	437.4	104
Vallejo - Fairfield - Napa	419.3	105
Saginaw - Bay City - Midland	408.5	106
Lancaster	407.2	107
York	406.4	108
Augusta	405.0	109
Canton	403.9	110
Jackson, Miss.	402.5	111
Lakeland - Winter Haven	401.6	112
Colorado Springs	400.0	113
Des Moines	389.1	114
Melbourne - Titusville - Palm Bay	389.1	114
Joliet	386.9	116
Beaumont - Port Arthur	379.0	117
McAllen - Edinburg - Mission	376.6	118
Davenport - Rock Island - Moline	369.4	119
Santa Rosa - Petaluma	368.2	120
Fort Wayne	364.8	121
Shreveport	362.7	122
Corpus Christi	362.1	123
Aurora - Elgin	359.3	124
Spokane	357.3	125
Pensacola	355.1	126
Madison	352.0	127
Salinas - Seaside - Monterey	352.0	127
Peoria	349.2	129
Santa Barbara - Santa Maria - Lompoc	347.0	130
Daytona Beach	345.9	131
Lexington-Fayette	344.1	132
Modesto	342.1	133
Portsmouth - Dover - Rochester	336.9	134
Manchester - Nashua	333.1	135
Huntington - Ashland	330.5	136
Reading	329.4	137
Trenton	327.9	138
Utica - Rome	321.4	139
Appleton - Oshkosh - Neenah	313.5	140
Atlantic City	312.4	141
Fort Myers - Cape Coral	307.3	142
Montgomery	305.8	143
Visalia - Tulare - Porterville	301.5	144
Orange County, N.Y.	290.7	145
Macon - Warner Robins	290.1	146
Rockford	284.3	147
Evansville	284.0	148
Erie	282.8	149
Hamilton - Middletown	280.1	150
Ann Arbor	273.8	151
Lorain - Elyria	273.4	152
Salem, Ore.	268.5	153
Eugene - Springfield	268.1	154
Fayetteville, N.C.	268.0	155
Charleston, W.Va.	266.2	156
Binghamton	265.8	157
Brownsville - Harlingen	262.9	158
Poughkeepsie	262.2	159
Sarasota	261.4	160
Columbus, Ga.	256.2	161
Johnstown	254.8	162
New London - Norwich	253.8	163
Provo - Orem	250.0	164
Killeen - Temple	248.9	165
Savannah	247.7	166
Duluth	245.8	167
Reno	243.4	168
Huntsville	242.0	169
South Bend - Mishawaka	241.5	170
Springfield, Mo.	234.8	171
Santa Cruz	234.4	172
Portland, Me.	234.3	173
Roanoke	230.5	174
Tallahassee	230.1	175
Fort Pierce	227.5	176
Lubbock	224.5	177
Hickory	224.4	178
Anchorage	223.0	179
Kalamazoo	222.1	180
Boulder - Longmont	221.4	181
Niagara Falls	217.7	182
Vancouver	216.6	183
Galveston - Texas City	214.8	184
Lafayette, La.	213.1	185
Lincoln	210.7	186
Gainesville	208.8	187
Boise	205.9	188
Biloxi - Gulfport	205.0	189
Amarillo	197.0	190
Brazoria	196.8	191
Springfield, Ill.	194.8	192
Waco	192.3	193
Beaver County, Pa.	192.0	194
Green Bay	191.9	195
Ocala	189.7	196
Fort Collins - Loveland	187.6	197
Bradenton	187.5	198
Yakima	186.4	199
Houma - Thibodaux	184.2	200
St. Cloud	184.1	201
Fort Smith	183.8	202
Bremerton	180.5	203
Racine	176.1	204
Chico	176.0	205
Wheeling	175.5	206
Merced	175.0	207
Asheville	173.2	208
Champaign - Urbana - Rantoul	173.1	209
Lake Charles	172.8	210
Cedar Rapids	169.1	211
Longview - Marshall	169.1	211
Benton Harbor	167.9	213
Topeka	163.6	214
Muskegon	159.9	215
Clarksville - Hopkinsville	159.2	216
Lima	158.7	217
Parkersburg - Marietta	157.6	218
Olympia	156.1	219
Tyler	154.9	220
Fort Walton Beach	154.1	221
Steubenville - Weirton	151.0	222
Fargo - Moorhead	150.8	223
Richland - Kennewick - Pasco	150.7	224
Elkhart - Goshen	150.3	225
Jackson, Mich.	150.0	226
Athens	149.0	227
Waterloo - Cedar Falls	148.9	228
Lynchburg	148.8	229
Tuscaloosa	147.4	230
Anderson, S.C.	146.7	231
Monroe	145.1	232
Jamestown - Dunkirk	144.5	233
Medford	144.2	234
Pittsfield	142.6	235
Redding	140.4	236
Florence, Ala.	140.0	237
Vineland - Millville - Bridgeton	139.8	238
Eau Claire	139.7	239
Battle Creek	139.5	240
Bangor	139.3	241
Alexandria, La.	139.1	242
Greeley	138.8	243
Janesville - Beloit	138.1	244
Joplin	136.5	245
Burlington, Vt.	135.1	246
Altoona	133.2	247
Naples	133.1	248
Dothan	133.0	249
Terre Haute	132.7	250
Panama City	132.6	251
Anderson, Ind.	131.2	252
Las Cruces	130.5	253
Pascagoula	129.9	254
Jacksonville, N.C.	129.[illegible]	255
Mansfield	129.1	255
Pueblo	128.7	257
Sioux Falls	127.8	258
Odessa	127.3	259
Bloomington - Normal	126.3	260
Wichita Falls	126.2	261
Charlottesville	126.1	262
Anniston	125.3	263
Abilene	124.9	264
Bryan - College Station	124.9	264
Decatur, Ill.	124.7	266
Sharon	124.7	266
Lafayette - West Lafayette	123.7	268
Laredo	122.6	269
Texarkana	122.3	270
Kenosha	121.9	271
Florence, S.C.	121.7	272
Muncie	120.9	273
Yuba City	119.9	274
Albany, Ga.	119.2	275
Lawton	119.1	276
Wilmington, N.C.	118.9	277
Bellingham	118.6	278
Williamsport	118.5	279
State College	118.0	280
Billings	117.9	281
Hagerstown	115.8	282
Sioux City	115.6	283
Glens Falls	114.8	284
Wausau	113.3	285
Midland, Tex.	112.5	286
Fayetteville - Springdale	112.4	287
Santa Fe	112.4	287
Danville, Va.	111.3	289
Columbia, Mo.	111.1	290
Burlington, N.C.	104.5	291
Gadsden	104.0	292
Sheboygan	103.3	293
Cumberland	103.1	294
Bloomington, Ind.	102.7	295
Decatur, Ala.	102.6	296
Kokomo	102.0	297
Lewiston - Auburn	102.0	297
Kankakee	101.3	299
Rochester, Minn.	98.9	300
San Angelo	98.8	301
Sherman - Denison	98.5	302
La Crosse	96.2	303
Elmira	93.8	304
Dubuque	90.8	305
Pine Bluff	90.5	306
Bismarck	89.9	307
Owensboro	87.9	308
Iowa City	86.2	309
St. Joseph	86.1	310
Rapid City	79.9	311
Great Falls	78.6	312
Jackson, Tenn.	78.5	313
Victoria	76.4	314
Cheyenne	75.1	315
Lawrence, Kans.	75.0	316
Grand Forks	70.6	317
Casper	66.4	318
Enid	61.1	319
Total Above Areas	190,816.1	
Percent of U.S.	76.9667	
United States Total	247,920.3	

22ND ANNUAL RGI MSA RANKING

EFFECTIVE BUYING INCOME PER CAPITA 1988

MSA	Per Capita EBI	Rank
Bridgeport - Stamford - Norwalk - Danbury	20,246	1
San Francisco	18,461	2
Bergen - Passaic	18,397	3
Middlesex - Somerset - Hunterdon	18,345	4
San Jose	18,217	5
Washington	18,052	6
Trenton	18,048	7
Nassau - Suffolk	17,339	8
Monmouth - Ocean	17,129	9
Oakland	17,125	10
Newark	17,023	11
Boston - Lawrence - Salem - Lowell - Brockton	16,774	12
Anaheim - Santa Ana	16,728	13
Manchester - Nashua	16,611	14
West Palm Beach - Boca Raton - Delray Beach	16,362	15
Seattle	16,337	16
Lake County, Ill.	16,039	17
Hartford - New Britain - Middletown - Bristol	16,032	18
Santa Rosa - Petaluma	15,833	19
Anchorage	15,684	20
New Haven - Waterbury - Meriden	15,514	21
Fort Lauderdale - Hollywood - Pompano Beach	15,475	22
Oxnard - Ventura	15,386	23
Santa Barbara - Santa Maria - Lompoc	15,181	24
San Diego	15,170	25
Portsmouth - Dover - Rochester	15,114	26
Santa Cruz	14,993	27
Kenosha	14,979	28
Los Angeles - Long Beach	14,880	29
Minneapolis - St. Paul	14,799	30
Sacramento	14,538	31
Reno	14,341	32
Worcester - Fitchburg - Leominster	14,219	33
New London - Norwich	14,118	34
New York	14,095	35
Chicago	14,061	36
Rochester, Minn.	14,048	37
Wichita	14,005	38
Lincoln	14,003	39
Philadelphia	14,000	40
Midland, Tex.	13,944	41
Portland, Me.	13,938	42
Poughkeepsie	13,899	43
Wilmington, Del.	13,881	44
Peoria	13,810	45
Richland - Kennewick - Pasco	13,706	46
Atlanta	13,689	47
Sarasota	13,689	47
Honolulu	13,596	49
Fort Myers - Cape Coral	13,533	50
Denver	13,515	51
Dallas	13,503	52
Raleigh - Durham	13,499	53
Topeka	13,489	54
Vallejo - Fairfield - Napa	13,481	55
Aurora - Elgin	13,468	56
Rochester, N.Y.	13,468	56
Kansas City	13,464	58
Madison	13,416	59
Burlington, Vt.	13,413	60
Richmond - Petersburg	13,384	61
Kalamazoo	13,371	62
Omaha	13,332	63
Milwaukee	13,285	64
Pittsfield	13,228	65
Huntsville	13,218	66
Baltimore	13,181	67
Portland, Ore.	13,168	68
Naples	13,163	69
Harrisburg - Lebanon - Carlisle	13,156	70
Sioux Falls	13,080	71
Albany - Schenectady - Troy	13,048	72
Decatur, Ill.	13,040	73
Allentown - Bethlehem	13,038	74
Charlottesville	12,992	75
Las Vegas	12,955	76
St. Louis	12,944	77
Springfield, Mass.	12,921	78
Detroit	12,917	79
Ann Arbor	12,908	80
Riverside - San Bernardino	12,898	81
Bloomington - Normal	12,889	82
Providence - Pawtucket - Woonsocket	12,836	83
Des Moines	12,820	84
Phoenix	12,809	85
Santa Fe	12,762	86
Cedar Rapids	12,759	87
Bradenton	12,742	88
Davenport - Rock Island - Moline	12,710	89
Atlantic City	12,701	90
Rockford	12,686	91
Salinas - Seaside - Monterey	12,645	92
Waterloo - Cedar Falls	12,615	93
Reading	12,601	94
Cleveland	12,592	95
Tampa - St. Petersburg - Clearwater	12,590	96
Fresno	12,586	97
Racine	12,578	98
Brazoria	12,577	99
Columbia, Mo.	12,573	100
Olympia	12,573	100
Orlando	12,567	102
Joliet	12,564	103
Grand Rapids	12,530	104
Battle Creek	12,529	105
Nashville	12,518	106
Sheboygan	12,491	107
Cincinnati	12,482	108
Fort Worth - Arlington	12,420	109
Jersey City	12,408	110
Houston	12,404	111
Lancaster	12,396	112
Binghamton	12,381	113
Miami - Hialeah	12,344	114
Syracuse	12,340	115
Grand Forks	12,321	116
York	12,303	117
Bakersfield	12,297	118
Boulder - Longmont	12,295	119
Orange County, N.Y.	12,285	120
New Bedford - Fall River - Attleboro	12,258	121
Dayton - Springfield	12,213	122
Janesville - Beloit	12,196	123
Appleton - Oshkosh - Neenah	12,178	124
Indianapolis	12,163	125
Roanoke	12,162	126
Greensboro - Winston-Salem - High Point	12,135	127
Kokomo	12,125	128
Austin	12,118	129
Pittsburgh	12,093	130
Jacksonville, Fla.	12,075	131
Bremerton	12,073	132
Iowa City	12,045	133
Daytona Beach	12,043	134
Odessa	12,008	135
Charlotte - Gastonia - Rock Hill	12,001	136
Columbus, Ohio	11,944	137
Vancouver	11,928	138
Galveston - Texas City	11,915	139
Columbia, S.C.	11,905	140
Rapid City	11,904	141
Lorain - Elyria	11,892	142
Norfolk - Virginia Beach - Newport News	11,887	143
Springfield, Ill.	11,865	144
Toledo	11,850	145
Vineland - Millville - Bridgeton	11,786	146
La Crosse	11,781	147
Erie	11,778	148
Melbourne - Titusville - Palm Bay	11,758	149
Lansing - East Lansing	11,741	150
Boise	11,739	151
Buffalo	11,678	152
Amarillo	11,635	153
Akron	11,615	154
Evansville	11,601	155
Fort Wayne	11,585	156
Green Bay	11,583	157
Fort Pierce	11,564	158
Modesto	11,541	159
Lexington-Fayette	11,529	160
Stockton	11,489	161
Champaign - Urbana - Rantoul	11,446	162
Louisville	11,343	163
Little Rock - North Little Rock	11,338	164
South Bend - Mishawaka	11,336	165
Hickory	11,294	166
Lynchburg	11,282	167
Beaumont - Port Arthur	11,243	168
Tyler	11,242	169
Duluth	11,238	170
Macon - Warner Robins	11,206	171
Sherman - Denison	11,197	172
St. Joseph	11,182	173
Beaver County, Pa.	11,175	174
Fort Walton Beach	11,157	175
Lafayette - West Lafayette	11,150	176
Lewiston - Auburn	11,143	177
Tallahassee	11,122	178
Savannah	11,100	179
Colorado Springs	11,098	180
Jackson, Mich.	11,094	181
Pensacola	11,078	182
Youngstown - Warren	11,069	183
Fargo - Moorhead	11,068	184
Knoxville	11,039	185
Lawrence, Kans.	11,027	186
San Angelo	10,971	187
Niagara Falls	10,968	188
Burlington, N.C.	10,967	189
Billings	10,965	190
Saginaw - Bay City - Midland	10,950	191
Springfield, Mo.	10,946	192
Mansfield	10,894	193
Sharon	10,893	194
Elkhart - Goshen	10,862	195
Redding	10,845	196
Asheville	10,831	197
Scranton - Wilkes-Barre	10,831	197
Bloomington, Ind.	10,824	199
Bellingham	10,815	200
Hamilton - Middletown	10,803	201
Chico	10,798	202
Wausau	10,774	203
Bryan - College Station	10,752	204
Lima	10,734	205
Spokane	10,731	206
Tucson	10,730	207
Charleston, W.Va.	10,718	208
Flint	10,694	209
Kankakee	10,694	209
Bangor	10,678	211
Terre Haute	10,676	212
Canton	10,670	213
Anderson, Ind.	10,667	214
Yuba City	10,662	215
Williamsport	10,648	216
Eugene - Springfield	10,645	217
Albuquerque	10,640	218
Benton Harbor	10,632	219
Memphis	10,596	220
Great Falls	10,592	221
Augusta	10,577	222
Muskegon	10,574	223
Tacoma	10,572	224
Wilmington, N.C.	10,571	225
Eau Claire	10,560	226
Hagerstown	10,560	226
Casper	10,542	228
Bismarck	10,528	229
Utica - Rome	10,519	230
Fort Collins - Loveland	10,509	231
Glens Falls	10,503	232
Gainesville	10,449	233
Gary - Hammond	10,442	234
Chattanooga	10,439	235
Pascagoula	10,429	236
Jackson, Tenn.	10,424	237
Danville, Va.	10,399	238
Elmira	10,383	239
Lakeland - Winter Haven	10,357	240
Greenville - Spartanburg	10,331	241
Birmingham	10,325	242
Jamestown - Dunkirk	10,284	243
Sioux City	10,264	244
Oklahoma City	10,236	245
Johnson City - Kingsport - Bristol	10,229	246
Jackson, Miss.	10,211	247
Longview - Marshall	10,178	248
Steubenville - Weirton	10,146	249
Tulsa	10,141	250
Muncie	10,132	251
Montgomery	10,122	252
Altoona	10,100	253
Fayetteville - Springdale	10,075	254
Mobile	10,066	255
Wichita Falls	10,038	256
Dubuque	10,010	257
Lafayette, La.	10,010	257
Enid	9,983	259
Victoria	9,978	260
San Antonio	9,973	261
Athens	9,941	262
Lubbock	9,920	263
Salem, Ore.	9,911	264
New Orleans	9,888	265
Parkersburg - Marietta	9,883	266
Abilene	9,850	267
Yakima	9,850	267
Owensboro	9,840	269
Biloxi - Gulfport	9,816	270
Wheeling	9,800	271
Baton Rouge	9,773	272
Salt Lake City - Ogden	9,761	273
Killeen - Temple	9,754	274
State College	9,754	274
Shreveport	9,734	276
Anderson, S.C.	9,719	277
Cumberland	9,701	278
Columbus, Ga.	9,687	279
Joplin	9,687	279
Fayetteville, N.C.	9,686	281
St. Cloud	9,674	282
Albany, Ga.	9,625	283
Medford	9,615	284
Merced	9,603	285
Charleston, S.C.	9,554	286
Lake Charles	9,554	286
Waco	9,518	288
Florence, Ala.	9,436	289
Fort Smith	9,426	290
Cheyenne	9,424	291
Clarksville - Hopkinsville	9,405	292
Ocala	9,391	293
Decatur, Ala.	9,350	294
Houma - Thibodaux	9,299	295
Greeley	9,243	296
Texarkana	9,239	297
Corpus Christi	9,220	298
Dothan	9,125	299
Pueblo	9,022	300
Panama City	8,978	301
Tuscaloosa	8,942	302
Huntington - Ashland	8,929	303
Visalia - Tulare - Porterville	8,890	304
Anniston	8,855	305
Lawton	8,759	306
Gadsden	8,745	307
Johnstown	8,610	308
Florence, S.C.	8,548	309
Pine Bluff	8,529	310
Jacksonville, N.C.	8,291	311
Alexandria, La.	8,218	312
Monroe	8,202	313
Las Cruces	8,003	314
El Paso	7,910	315
Provo - Orem	6,954	316
Brownsville - Harlingen	6,792	317
McAllen - Edinburg - Mission	5,724	318
Laredo	5,664	319
Total Above Areas	13,251	
United States Total	12,359	

22ND ANNUAL RGI MSA RANKING

EATING PLACE SALES 1988

MSA	Sales ($000)	Rank
New York	6,519,008	1
Los Angeles - Long Beach	6,450,149	2
Boston - Lawrence - Salem - Lowell - Brockton	3,964,222	3
Chicago	3,901,475	4
Washington	3,163,455	5
Philadelphia	2,971,397	6
Detroit	2,599,855	7
Anaheim - Santa Ana	2,313,829	8
Atlanta	2,254,067	9
Houston	2,176,295	10
San Francisco	2,152,270	11
San Diego	1,834,967	12
Minneapolis - St. Paul	1,827,404	13
Dallas	1,773,977	14
Nassau - Suffolk	1,698,082	15
Seattle	1,692,981	16
St. Louis	1,623,494	17
Baltimore	1,504,449	18
Phoenix	1,479,392	19
Oakland	1,448,120	20
Tampa - St. Petersburg - Clearwater	1,372,911	21
Miami - Hialeah	1,321,841	22
Riverside - San Bernardino	1,272,194	23
Denver	1,217,016	24
San Jose	1,216,251	25
Pittsburgh	1,206,081	26
Cleveland	1,161,556	27
Fort Lauderdale - Hollywood - Pompano Beach	1,129,586	28
Kansas City	1,095,279	29
Honolulu	1,050,159	30
Newark	1,015,517	31
Sacramento	964,696	32
Cincinnati	953,804	33
Hartford - New Britain - Middletown - Bristol	932,328	34
Bergen - Passaic	923,501	35
New Orleans	918,956	36
Portland, Ore	910,298	37
Norfolk - Virginia Beach - Newport News	853,125	38
Orlando	845,383	39
Milwaukee	835,738	40
Columbus, Ohio	824,809	41
Indianapolis	800,970	42
Fort Worth - Arlington	797,326	43
Bridgeport - Stamford - Norwalk - Danbury	741,329	44
Oklahoma City	726,833	45
San Antonio	722,302	46
Louisville	695,040	47
West Palm Beach - Boca Raton - Delray Beach	682,005	48
Charlotte - Gastonia - Rock Hill	647,856	49
Greensboro - Winston-Salem - High Point	637,970	50
New Haven - Waterbury - Meriden	618,861	51
Providence - Pawtucket - Woonsocket	618,108	52
Rochester, N.Y.	593,106	53
Salt Lake City - Ogden	593,086	54
Buffalo	565,961	55
Nashville	562,045	56
Monmouth - Ocean	554,298	57
Jacksonville, Fla	544,414	58
Middlesex - Somerset - Hunterdon	541,140	59
Richmond - Petersburg	535,043	60
Memphis	523,221	61
Las Vegas	502,182	62
Dayton - Springfield	500,881	63
Austin	485,237	64
Knoxville	484,492	65
Worcester - Fitchburg - Leominster	463,656	66
Raleigh - Durham	450,539	67
Omaha	446,162	68
Albany - Schenectady - Troy	442,104	69
Springfield, Mass	435,813	70
Birmingham	424,416	71
Tulsa	417,748	72
Toledo	4[illegible]1,998	73
Tucson	3[illegible]2,906	74
Albuquerque	383,422	75
Scranton - Wilkes-Barre	383,237	76
Grand Rapids	378,040	77
Allentown - Bethlehem	375,399	78
Gary - Hammond	361,168	79
Harrisburg - Lebanon - Carlisle	360,327	80
Syracuse	359,564	81
Akron	358,869	82
Greenville - Spartanburg	345,744	83
New Bedford - Fall River - Attleboro	336,245	84
Santa Barbara - Santa Maria - Lompoc	330,318	85
Tacoma	328,753	86
Atlantic City	315,800	87
Oxnard - Ventura	315,503	88
Charleston, S.C.	312,082	89
Lexington-Fayette	308,565	90
Bakersfield	301,030	91
Wilmington, Del	298,248	92
Fresno	295,147	93
Wichita	291,325	94
Portland, Me	282,399	95
Manchester - Nashua	281,129	96
Vallejo - Fairfield - Napa	276,706	97
Portsmouth - Dover - Rochester	275,600	98
Baton Rouge	274,264	99
Anchorage	274,035	100
Madison	272,965	101
Columbia, S.C.	264,794	102
Des Moines	264,755	103
Little Rock - North Little Rock	262,183	104
Mobile	250,545	105
Lansing - East Lansing	249,881	106
Daytona Beach	247,464	107
Stockton	245,269	108
El Paso	242,860	109
Lake County, Ill	241,045	110
Salinas - Seaside - Monterey	239,306	111
Colorado Springs	238,142	112
Flint	237,034	113
Youngstown - Warren	234,236	114
Saginaw - Bay City - Midland	232,090	115
Spokane	230,700	116
Lancaster	229,660	117
Santa Rosa - Petaluma	229,582	118
Sarasota	226,969	119
Chattanooga	225,429	120
Davenport - Rock Island - Moline	224,874	121
Melbourne - Titusville - Palm Bay	217,464	122
Fort Wayne	215,714	123
Reading	211,480	124
Corpus Christi	210,963	125
Trenton	204,656	126
Canton	198,878	127
Fort Myers - Cape Coral	197,473	128
Jersey City	196,662	129
Lakeland - Winter Haven	194,514	130
New London - Norwich	191,399	131
Ann Arbor	191,145	132
Johnson City - Kingsport - Bristol	188,775	133
York	186,341	134
Pensacola	184,830	135
Savannah	184,341	136
Boulder - Longmont	183,602	137
Beaumont - Port Arthur	177,417	138
Evansville	176,367	139
Augusta	172,819	140
Peoria	172,511	141
Aurora - Elgin	171,788	142
Shreveport	171,309	143
Jackson, Miss	169,013	144
Modesto	167,623	145
Reno	166,198	146
Eugene - Springfield	163,645	147
Huntington - Ashland	163,634	148
Santa Cruz	158,161	149
Appleton - Oshkosh - Neenah	154,475	150
Houma - Thibodaux	153,568	151
Lafayette, La	153,527	152
Rockford	153,235	153
Erie	152,084	154
Kalamazoo	150,357	155
Duluth	150,280	156
Roanoke	149,280	157
Springfield, Mo	147,982	158
Macon - Warner Robins	147,970	159
Tallahassee	147,829	160
South Bend - Mishawaka	144,940	161
Fayetteville, N.C.	144,392	162
Utica - Rome	142,998	163
Bradenton	142,916	164
Joliet	142,294	165
Gainesville	141,482	166
Montgomery	141,190	167
Lincoln	139,156	168
Galveston - Texas City	137,142	169
Salem, Ore	136,801	170
Charleston, W.Va	135,064	171
Boise	134,503	172
Visalia - Tulare - Porterville	131,107	173
McAllen - Edinburg - Mission	129,446	174
Brownsville - Harlingen	129,215	175
Biloxi - Gulfport	128,087	176
Huntsville	128,039	177
Lubbock	127,804	178
Asheville	124,907	179
Burlington, Vt	124,895	180
Binghamton	123,457	181
Champaign - Urbana - Rantoul	123,195	182
Springfield, Ill	122,616	183
Hamilton - Middletown	121,477	184
Amarillo	120,918	185
Hickory	119,333	186
Poughkeepsie	119,206	187
Naples	118,466	188
Odessa	116,984	189
Green Bay	116,820	190
Columbus, Ga	113,713	191
Killeen - Temple	113,211	192
Fort Collins - Loveland	112,923	193
Fort Walton Beach	112,496	194
Vancouver	110,760	195
Orange County, N.Y.	110,128	196
Panama City	110,016	197
Topeka	109,522	198
Chico	105,358	199
Fort Pierce	104,846	200
Fargo - Moorhead	100,577	201
Wilmington, N.C.	100,085	202
Pittsfield	99,824	203
Longview - Marshall	99,714	204
Bryan - College Station	96,271	205
Santa Fe	95,665	206
Lorain - Elyria	95,583	207
Waco	94,545	208
Bangor	93,539	209
Niagara Falls	93,496	210
Yakima	92,495	211
Wichita Falls	89,834	212
Bremerton	89,117	213
Cedar Rapids	88,959	214
Olympia	88,599	215
Athens	87,830	216
Lynchburg	87,341	217
Lima	87,202	218
Midland, Tex	87,054	219
Abilene	85,689	220
Racine	85,517	221
Merced	85,494	222
Terre Haute	84,779	223
Ocala	84,606	224
Muncie	83,235	225
Charlottesville	82,888	226
St. Cloud	81,840	227
Billings	81,752	228
Parkersburg - Marietta	81,323	229
Bellingham	80,552	230
Burlington, N.C.	80,462	231
Elkhart - Goshen	79,527	232
Sioux Falls	78,888	233
Provo - Orem	78,806	234
Kenosha	77,623	235
Benton Harbor	77,232	236
Janesville - Beloit	76,226	237
Wheeling	76,055	238
Waterloo - Cedar Falls	75,842	239
Fort Smith	75,781	240
Bloomington - Normal	75,369	241
Eau Claire	75,073	242
Joplin	74,992	243
Muskegon	74,387	244
Lafayette - West Lafayette	73,957	245
Lake Charles	73,014	246
Redding	72,696	247
Owensboro	72,489	248
Richland - Kennewick - Pasco	71,707	249
Medford	71,452	250
Rochester, Minn	70,546	251
State College	70,118	252
Dothan	69,956	253
Laredo	69,128	254
Johnstown	68,827	255
Tuscaloosa	68,325	256
Clarksville - Hopkinsville	68,309	257
Albany, Ga	67,929	258
Battle Creek	67,613	259
San Angelo	67,551	260
Kokomo	66,097	261
Pueblo	65,917	262
Brazoria	65,538	263
Glens Falls	65,436	264
Jamestown - Dunkirk	65,116	265
Monroe	64,235	266
Sioux City	63,591	267
Tyler	62,523	268
Rapid City	61,132	269
Decatur, Ill	60,589	270
Anderson, S.C.	60,420	271
Steubenville - Weirton	60,288	272
Fayetteville - Springdale	58,575	273
Yuba City	58,531	274
Anderson, Ind	58,130	275
Bloomington, Ind	58,094	276
Lewiston - Auburn	57,655	277
Bismarck	57,543	278
Cheyenne	57,458	279
Columbia, Mo	57,344	280
Florence, Ala	57,064	281
Texarkana	56,487	282
La Crosse	56,304	283
Jackson, Mich	55,781	284
Lawton	54,804	285
Altoona	54,632	286
Mansfield	54,554	287
Greeley	54,290	288
Florence, S.C.	54,233	289
Las Cruces	53,921	290
Danville, Va	53,587	291
Beaver County, Pa	53,373	292
St. Joseph	53,209	293
Cumberland	52,643	294
Jacksonville, N.C.	52,261	295
Sharon	50,961	296
Kankakee	50,611	297
Lawrence, Kans	50,516	298
Alexandria, La	50,117	299
Iowa City	49,004	300
Pascagoula	48,953	301
Dubuque	48,113	302
Williamsport	48,106	303
Elmira	47,6[illegible]	304
Sherman - Denison	46,006	305
Great Falls	45,837	306
Sheboygan	44,975	307
Vineland - Millville - Bridgeton	44,332	308
Gadsden	41,715	309
Decatur, Ala	41,625	310
Jackson, Tenn	41,204	311
Casper	40,432	312
Wausau	39,221	313
Victoria	38,092	314
Hagerstown	36,791	315
Anniston	33,839	316
Enid	33,810	317
Grand Forks	31,397	318
Pine Bluff	28,017	319
Total Above Areas	127,236,822	
Percent of U.S.	85.0755	
United States Total	149,557,397	

EATING PLACE UNITS 1988

MSA	# of Units	Rank
Los Angeles - Long Beach	10,071	1
New York	10,013	2
Chicago	6,991	3
Boston - Lawrence - Salem - Lowell - Brockton	4,973	4
Philadelphia	4,853	5
Detroit	4,712	6
Washington	4,413	7
Atlanta	3,618	8
Houston	3,590	9
Nassau - Suffolk	3,342	10
Dallas	3,274	11
San Francisco	3,161	12
Anaheim - Santa Ana	3,129	13
San Diego	2,882	14
St. Louis	2,728	15
Seattle	2,589	16
Oakland	2,563	17
Minneapolis - St. Paul	2,541	18
Baltimore	2,472	19
Tampa - St. Petersburg - Clearwater	2,472	19
Phoenix	2,350	21
Pittsburgh	2,335	22
Miami - Hialeah	2,324	23
Riverside - San Bernardino	2,209	24
Denver	2,206	25
Cleveland	2,052	26
Newark	2,024	27
Sacramento	1,917	28
San Jose	1,912	29
Kansas City	1,740	30
Fort Lauderdale - Hollywood - Pompano Beach	1,739	31
Cincinnati	1,694	32
Portland, Ore	1,641	33
Oklahoma City	1,618	34
Columbus, Ohio	1,614	35
Milwaukee	1,608	36
Norfolk - Virginia Beach - Newport News	1,590	37
San Antonio	1,590	37
Fort Worth - Arlington	1,522	39
New Orleans	1,501	40
Indianapolis	1,491	41
Bergen - Passaic	1,484	42
Hartford - New Britain - Middletown - Bristol	1,402	43
Buffalo	1,289	44
Charlotte - Gastonia - Rock Hill	1,267	45
Orlando	1,222	46
Honolulu	1,195	47
Providence - Pawtucket - Woonsocket	1,195	47
Monmouth - Ocean	1,178	49
Rochester, N.Y.	1,152	50
Nashville	1,142	51
Albany - Schenectady - Troy	1,111	52
Greensboro - Winston-Salem - High Point	1,100	53
Dayton - Springfield	1,094	54
Austin	1,076	55
Bridgeport - Stamford - Norwalk - Danbury	1,075	56
West Palm Beach - Boca Raton - Delray Beach	1,062	57
New Haven - Waterbury - Meriden	1,061	58
Salt Lake City - Ogden	1,060	59
Jacksonville, Fla	1,051	60
Richmond - Petersburg	1,026	61
Middlesex - Somerset - Hunterdon	1,021	62
Memphis	996	63
Tulsa	979	64
Louisville	932	65
Raleigh - Durham	921	66
Birmingham	904	67
Scranton - Wilkes-Barre	883	68
Syracuse	808	69
Knoxville	805	70
Worcester - Fitchburg - Leominster	783	71
Allentown - Bethlehem	781	72
Greenville - Spartanburg	764	73
Akron	763	74
Tucson	759	75
Toledo	752	76
Fresno	727	77
Gary - Hammond	720	78
Las Vegas	719	79
Springfield, Mass	712	80
Atlantic City	693	81
Oxnard - Ventura	683	82
Omaha	672	83
Albuquerque	667	84
Harrisburg - Lebanon - Carlisle	661	85
Wichita	655	86
Grand Rapids	642	87
New Bedford - Fall River - Attleboro	593	88
Little Rock - North Little Rock	583	89
Wilmington, Del	583	89
Bakersfield	576	91
Youngstown - Warren	576	91
Lake County, Ill	560	93
Tacoma	545	94
Columbia, S.C.	520	95
Santa Barbara - Santa Maria - Lompoc	520	95
Baton Rouge	516	97
El Paso	514	98
Canton	510	99
Chattanooga	505	100
Jersey City	501	101
Santa Rosa - Petaluma	501	101
Stockton	501	101
Mobile	490	104
Colorado Springs	489	105
Des Moines	487	106
Melbourne - Titusville - Palm Bay	481	107
Salinas - Seaside - Monterey	477	108
Charleston, S.C.	476	109
Vallejo - Fairfield - Napa	472	110
Fort Wayne	467	111
Daytona Beach	464	112
Corpus Christi	463	113
Portsmouth - Dover - Rochester	460	114
Spokane	457	115
Flint	452	116
Madison	445	117
York	435	118
Davenport - Rock Island - Moline	434	119
Lansing - East Lansing	434	119
Lancaster	426	121
Lexington-Fayette	422	122
Manchester - Nashua	420	123
Utica - Rome	419	124
Fort Myers - Cape Coral	418	125
Johnson City - Kingsport - Bristol	412	126
Lakeland - Winter Haven	408	127
Jackson, Miss	402	128
Reading	399	129
Eugene - Springfield	393	130
Peoria	391	131
Saginaw - Bay City - Midland	386	132
Trenton	385	133
Santa Cruz	384	134
Modesto	370	135
Sarasota	370	135
Aurora - Elgin	36[illegible]	137
Augusta	364	138
Beaumont - Port Arthur	362	139
Boulder - Longmont	359	140
Appleton - Oshkosh - Neenah	358	141
Shreveport	355	142
Joliet	352	143
Ann Arbor	351	144
Salem, Ore	346	145
Evansville	343	146
Rockford	341	147
Pensacola	339	148
Orange County, N.Y.	336	149
Portland, Me	336	149
South Bend - Mishawaka	336	149
New London - Norwich	334	152
Anchorage	328	153
Macon - Warner Robins	322	154
Roanoke	312	155
Visalia - Tulare - Porterville	312	155
Duluth	311	157
Niagara Falls	305	158
Amarillo	303	159
Erie	303	159
Poughkeepsie	302	161
Huntington - Ashland	299	162
Charleston, W.Va	293	163
Montgomery	293	163
Lubbock	291	165
Reno	291	165
Savannah	290	167
McAllen - Edinburg - Mission	287	168
Springfield, Mo	284	169
Binghamton	283	170
Hickory	283	170
Kalamazoo	273	172
Hamilton - Middletown	269	173
Gainesville	268	174
Lorain - Elyria	267	175
Fayetteville, N.C.	265	176
Columbus, Ga	253	177
Fort Smith	253	177
Tallahassee	247	179
Lincoln	246	180
Biloxi - Gulfport	245	181
Galveston - Texas City	244	182
Fort Collins - Loveland	243	183
Brownsville - Harlingen	241	184
Huntsville	241	184
Longview - Marshall	241	184
Fort Pierce	240	187
Boise	237	188
Pittsfield	237	188
Asheville	235	190
Lafayette, La	234	191
Glens Falls	230	192
Topeka	226	193
Waco	226	193
Johnstown	224	195
Panama City	223	196
Green Bay	222	197
Killeen - Temple	221	198
Vancouver	219	199
Chico	217	200
Springfield, Ill	216	201
Lima	213	202
Redding	213	202
Bradenton	210	204
Fort Walton Beach	209	205
Yakima	209	205
Benton Harbor	205	207
Billings	204	208
Medford	202	209
Provo - Orem	202	209
Cedar Rapids	201	211
Champaign - Urbana - Rantoul	198	212
Fargo - Moorhead	197	213
Jamestown - Dunkirk	196	214
Racine	196	214
Tyler	195	216
Elkhart - Goshen	192	217
Naples	192	217
Houma - Thibodaux	186	219
Joplin	185	220
Janesville - Beloit	182	221
Wheeling	182	221
Ocala	180	223
Wilmington, N.C.	180	223
Bellingham	179	225
Brazoria	179	225
Olympia	177	227
St. Cloud	177	227
Monroe	176	229
Beaver County, Pa	174	230
Battle Creek	173	231
Burlington, Vt	172	232
Charlottesville	172	232
Waterloo - Cedar Falls	171	234
Wichita Falls	171	234
Mansfield	170	236
Merced	170	236
Santa Fe	170	236
Athens	169	239
Muskegon	168	240
Pueblo	168	240
Eau Claire	166	242
Richland - Kennewick - Pasco	166	242
Odessa	165	244
Parkersburg - Marietta	160	245
Steubenville - Weirton	159	246
Bryan - College Station	158	247
Tuscaloosa	158	247
Abilene	157	249
Altoona	157	249
Anderson, S.C.	155	251
Bangor	155	251
Clarksville - Hopkinsville	155	251
Muncie	154	254
Lake Charles	153	255
Bremerton	152	256
Lynchburg	152	256
Bloomington - Normal	150	258
Terre Haute	150	258
Lafayette - West Lafayette	149	260
Anderson, Ind	148	261
Sioux City	147	262
Florence, Ala	146	263
Fayetteville - Springdale	145	264
Jackson, Mich	143	265
Jacksonville, N.C.	143	265
Wil[illegible]t	143	265
Colu[illegible]	142	268
Sioux Falls	142	268
State College	142	268
Cumberland	139	271
Sharon	138	272
Texarkana	138	272
Dothan	137	274
Bloomington, Ind	136	275
La Crosse	136	275
Kokomo	135	277
Burlington, N.C.	134	278
Las Cruces	134	278
Sherman - Denison	134	278
Danville, Va	133	281
Decatur, Ill	133	281
Alexandria, La	130	283
Greeley	130	283
Midland, Tex	130	283
Lawton	129	286
Florence, S.C.	128	287
Rapid City	128	287
Great Falls	127	289
Yuba City	127	289
Vineland - Millville - Bridgeton	126	291
Albany, Ga	124	292
San Angelo	123	293
Dubuque	122	294
Kenosha	122	294
Wausau	122	294
Hagerstown	121	297
Rochester, Minn	111	298
Sheboygan	110	299
Owensboro	106	300
Decatur, Ala	105	301
Lewiston - Auburn	104	302
Gadsden	103	303
Anniston	102	304
Pascagoula	102	304
St. Joseph	98	306
Iowa City	96	307
Enid	95	308
Laredo	95	308
Cheyenne	94	310
Elmira	94	310
Victoria	93	312
Kankakee	92	313
Bismarck	87	314
Pine Bluff	87	314
Jackson, Tenn	86	316
Casper	85	317
Lawrence, Kans	85	317
Grand Forks	84	319
Total Above Areas	225,581	
Percent of U.S.	77.9271	
United States Total	289,477	

22ND ANNUAL RGI MSA RANKING

FAST FOOD SALES 1988

MSA	Sales ($000)	Rank
Los Angeles - Long Beach	2,162,535	1
New York	1,462,583	2
Chicago	1,357,641	3
Washington	1,094,820	4
Atlanta	1,043,566	5
Boston - Lawrence - Salem - Lowell - Brockton	1,022,441	6
Philadelphia	1,002,273	7
Detroit	967,935	8
Houston	839,077	9
Anaheim - Santa Ana	811,730	10
St. Louis	741,198	11
Dallas	711,509	12
San Diego	641,383	13
Minneapolis - St. Paul	599,726	14
Baltimore	595,487	15
Riverside - San Bernardino	573,251	16
Oakland	563,786	17
Phoenix	516,885	18
Seattle	511,680	19
Tampa - St. Petersburg - Clearwater	506,869	20
Kansas City	496,622	21
San Francisco	491,988	22
San Jose	475,353	23
Nassau - Suffolk	468,200	24
Cleveland	439,436	25
Miami - Hialeah	428,319	26
Sacramento	406,319	27
Pittsburgh	406,088	28
Columbus, Ohio	391,137	29
Cincinnati	388,051	30
Norfolk - Virginia Beach - Newport News	383,979	31
Indianapolis	372,519	32
Louisville	372,215	33
Denver	371,364	34
Fort Worth - Arlington	363,752	35
Honolulu	357,456	36
Charlotte - Gastonia - Rock Hill	351,821	37
New Orleans	338,761	38
Oklahoma City	335,865	39
Orlando	323,594	40
Fort Lauderdale - Hollywood - Pompano Beach	322,925	41
Portland, Ore	306,995	42
San Antonio	300,393	43
Greensboro - Winston-Salem - High Point	299,946	44
Milwaukee	295,591	45
Hartford - New Britain - Middletown - Bristol	286,474	46
Newark	279,890	47
Memphis	269,237	48
Salt Lake City - Ogden	268,745	49
Jacksonville, Fla	260,665	50
Richmond - Petersburg	259,357	51
Dayton - Springfield	246,507	52
Bergen - Passaic	234,001	53
Nashville	230,806	54
Knoxville	223,235	55
Birmingham	222,775	56
Raleigh - Durham	219,370	57
Austin	210,014	58
New Haven - Waterbury - Meriden	207,752	59
Tulsa	204,759	60
Providence - Pawtucket - Woonsocket	194,265	61
Greenville - Spartanburg	193,071	62
Buffalo	189,910	63
Omaha	189,248	64
Rochester, N.Y.	185,243	65
Bridgeport - Stamford - Norwalk - Danbury	183,821	66
West Palm Beach - Boca Raton - Delray Beach	175,600	67
Monmouth - Ocean	171,654	68
Gary - Hammond	170,747	69
Las Vegas	169,187	70
Middlesex - Somerset - Hunterdon	159,395	71
Tucson	157,296	72
Albuquerque	156,417	73
Lexington-Fayette	155,671	74
Toledo	154,761	75
Charleston, S.C.	147,716	76
Baton Rouge	146,141	77
Albany - Schenectady - Troy	143,996	78
Columbia, S.C.	140,380	79
Akron	139,617	80
Little Rock - North Little Rock	138,345	81
Harrisburg - Lebanon - Carlisle	138,038	82
Scranton - Wilkes-Barre	135,827	83
Wichita	134,576	84
Fresno	134,394	85
Bakersfield	130,153	86
Grand Rapids	129,609	87
Wilmington, Del	129,198	88
Mobile	129,191	89
Allentown - Bethlehem	128,418	90
New Bedford - Fall River - Attleboro	127,455	91
Springfield, Mass	126,887	92
Tacoma	124,788	93
Worcester - Fitchburg - Leominster	121,695	94
Stockton	121,511	95
Oxnard - Ventura	115,886	96
Vallejo - Fairfield - Napa	115,546	97
Syracuse	115,345	98
Des Moines	114,766	99
Chattanooga	114,430	100
Lansing - East Lansing	112,918	101
El Paso	111,494	102
Johnson City - Kingsport - Bristol	111,054	103
Youngstown - Warren	109,940	104
Huntington - Ashland	106,072	105
Davenport - Rock Island - Moline	104,656	106
Flint	102,711	107
Colorado Springs	101,572	108
Madison	101,566	109
Lakeland - Winter Haven	100,452	110
Corpus Christi	99,228	111
Santa Barbara - Santa Maria - Lompoc	96,569	112
Atlantic City	95,817	113
Savannah	94,285	114
Daytona Beach	92,738	115
Portland, Me	92,504	116
Augusta	92,231	117
Evansville	90,655	118
Pensacola	90,598	119
Spokane	90,401	120
Saginaw - Bay City - Midland	90,103	121
Santa Rosa - Petaluma	88,384	122
Jackson, Miss	85,936	123
Manchester - Nashua	85,527	124
Canton	85,501	125
Melbourne - Titusville - Palm Bay	85,110	126
Shreveport	84,049	127
Modesto	82,116	128
Lake County, Ill	81,804	129
Anchorage	81,177	130
Reading	80,062	131
Montgomery	79,961	132
Portsmouth - Dover - Rochester	79,000	133
Beaumont - Port Arthur	77,947	134
Lancaster	77,771	135
Fort Wayne	77,020	136
Macon - Warner Robins	76,284	137
Fayetteville, N.C.	76,067	138
Salinas - Seaside - Monterey	75,633	139
Eugene - Springfield	75,063	140
Ann Arbor	74,240	141
Peoria	73,555	142
Charleston, W.Va.	73,082	143
York	72,706	144
Springfield, Mo	69,701	145
Huntsville	69,493	146
Visalia - Tulare - Porterville	69,371	147
Biloxi - Gulfport	68,283	148
Roanoke	66,922	149
Fort Myers - Cape Coral	65,971	150
New London - Norwich	65,871	151
Asheville	65,805	152
Erie	65,737	153
Jersey City	65,191	154
Santa Cruz	64,981	155
Hickory	63,741	156
Lafayette, La	63,467	157
Aurora - Elgin	63,012	158
Rockford	61,885	159
Boulder - Longmont	60,409	160
Galveston - Texas City	60,121	161
Trenton	59,532	162
Kalamazoo	59,313	163
Lincoln	59,149	164
Columbus, Ga	58,975	165
South Bend - Mishawaka	58,837	166
Joliet	58,727	167
Appleton - Oshkosh - Neenah	58,467	168
Sarasota	57,655	169
Reno	57,219	170
Brownsville - Harlingen	56,644	171
Salem, Ore	56,639	172
Lubbock	56,627	173
Topeka	54,947	174
Houma - Thibodaux	54,124	175
Tallahassee	54,122	176
McAllen - Edinburg - Mission	54,093	177
Hamilton - Middletown	53,679	178
Amarillo	53,003	179
Wilmington, N.C.	52,729	180
Bradenton	52,012	181
Gainesville	51,937	182
Boise	51,819	183
Odessa	51,280	184
Naples	49,772	185
Killeen - Temple	49,627	186
Duluth	49,582	187
Champaign - Urbana - Rantoul	48,369	188
Springfield, Ill	48,154	189
Vancouver	46,579	190
Utica - Rome	45,843	191
Athens	44,982	192
Fort Pierce	44,040	193
Binghamton	43,834	194
Dothan	43,804	195
Longview - Marshall	43,706	196
Santa Fe	43,369	197
Fort Smith	42,676	198
Burlington, N.C.	42,384	199
Lorain - Elyria	42,235	200
Bryan - College Station	42,203	201
Waco	41,444	202
Parkersburg - Marietta	41,216	203
Fort Walton Beach	40,946	204
Green Bay	40,698	205
Owensboro	40,418	206
Terre Haute	40,078	207
Panama City	40,039	208
Fargo - Moorhead	39,509	209
Wichita Falls	39,380	210
Muncie	39,349	211
Lynchburg	39,116	212
Orange County, N.Y.	38,935	213
Cedar Rapids	38,823	214
Tuscaloosa	38,698	215
Lima	38,532	216
Midland, Tex	38,162	217
Wheeling	38,037	218
Chico	37,644	219
Elkhart - Goshen	37,592	220
Abilene	37,563	221
Charlottesville	37,139	222
Fort Collins - Loveland	36,546	223
Provo - Orem	36,000	224
Bangor	35,409	225
Brazoria	35,228	226
Lafayette - West Lafayette	34,960	227
Clarksville - Hopkinsville	34,818	228
Albany, Ga	34,750	229
Burlington, Vt	33,771	230
Joplin	33,408	231
Fayetteville - Springdale	33,206	232
Waterloo - Cedar Falls	32,955	233
Niagara Falls	32,614	234
Johnstown	32,521	235
Florence, Ala	32,322	236
Poughkeepsie	32,193	237
Merced	32,058	238
Yakima	31,479	239
Kokomo	31,248	240
Anderson, S.C.	30,881	241
Ocala	30,793	242
Lake Charles	30,409	243
Bremerton	30,328	244
Laredo	30,305	245
Olympia	30,154	246
Steubenville - Weirton	30,154	246
Billings	30,039	248
Benton Harbor	30,000	249
Racine	29,791	250
San Angelo	29,613	251
Bloomington - Normal	29,593	252
Muskegon	28,892	253
Pittsfield	28,469	254
Sioux Falls	27,881	255
Florence, S.C.	27,721	256
Sioux City	27,651	257
St. Cloud	27,578	258
Jacksonville, N.C.	27,531	259
Anderson, Ind	27,477	260
Bloomington, Ind	27,462	261
Bellingham	27,416	262
Tyler	27,409	263
Kenosha	27,045	264
Texarkana	26,757	265
Monroe	26,750	266
Lawton	26,654	267
Medford	26,562	268
Janesville - Beloit	26,553	269
Battle Creek	26,260	270
Eau Claire	26,216	271
Pascagoula	26,096	272
Decatur, Ala	26,060	273
Redding	25,974	274
Columbia, Mo	25,543	275
State College	25,386	276
Lawrence, Kans	25,341	277
Richland - Kennewick - Pasco	24,404	278
Mansfield	24,107	279
Danville, Va	23,989	280
Bismarck	23,797	281
Decatur, Ill	23,791	282
Rochester, Minn	23,722	283
St. Joseph	23,701	284
Jamestown - Dunkirk	23,683	285
Beaver County, Pa	23,647	286
Gadsden	23,624	287
Las Cruces	23,186	288
Cheyenne	22,190	289
Cumberland	22,109	290
Lewiston - Auburn	21,822	291
Jackson, Mich	21,667	292
Iowa City	21,387	293
Pueblo	21,333	294
Dubuque	20,997	295
Yuba City	20,909	296
Alexandria, La	20,873	297
Jackson, Tenn	20,5[illegible]8	298
Rapid City	20,397	299
Sherman - Denison	20,168	300
Kankakee	19,873	301
Altoona	19,781	302
La Crosse	19,614	303
Anniston	19,164	304
Sharon	18,453	305
Glens Falls	17,668	306
Greeley	17,569	307
Williamsport	17,418	308
Great Falls	16,838	309
Victoria	16,698	310
Enid	16,444	311
Casper	16,196	312
Pine Bluff	15,883	313
Sheboygan	15,672	314
Hagerstown	14,982	315
Wausau	13,665	316
Vineland - Millville - Bridgeton	13,304	317
Grand Forks	12,985	318
Elmira	12,867	319
Total Above Areas	47,061,748	
Percent of U.S.	82.6970	
United States Total	56,908,639	

22ND ANNUAL RGI MSA RANKING

RESTAURANT SALES 1988

MSA	Sales ($000)	Rank
New York	3,524,859	1
Los Angeles - Long Beach	3,454,848	2
Boston - Lawrence - Salem - Lowell - Brockton	2,094,196	3
Chicago	1,936,125	4
Washington	1,402,975	5
Philadelphia	1,371,057	6
San Francisco	1,294,559	7
Anaheim - Santa Ana	1,279,711	8
Detroit	1,252,183	9
Minneapolis - St. Paul	997,396	10
San Diego	986,828	11
Houston	930,716	12
Seattle	911,824	13
Atlanta	842,328	14
Nassau - Suffolk	828,665	15
Oakland	750,433	16
Phoenix	749,934	17
Dallas	727,232	18
Tampa - St. Petersburg - Clearwater	670,606	19
Fort Lauderdale - Hollywood - Pompano Beach	652,238	20
Miami - Hialeah	646,986	21
Denver	643,813	22
Riverside - San Bernardino	625,445	23
St. Louis	615,635	24
San Jose	610,219	25
Pittsburgh	595,316	26
Baltimore	583,154	27
Cleveland	563,081	28
Honolulu	530,798	29
Portland, Ore	499,870	30
Sacramento	480,105	31
Bergen - Passaic	476,208	32
Kansas City	473,281	33
Newark	466,716	34
Milwaukee	446,906	35
Hartford - New Britain - Middletown - Bristol	441,785	36
West Palm Beach - Boca Raton - Delray Beach	437,312	37
Cincinnati	433,554	38
Orlando	429,545	39
Bridgeport - Stamford - Norwalk - Danbury	411,768	40
New Orleans	384,721	41
Norfolk - Virginia Beach - Newport News	375,125	42
Providence - Pawtucket - Woonsocket	338,726	43
Columbus, Ohio	335,214	44
New Haven - Waterbury - Meriden	326,421	45
Monmouth - Ocean	314,803	46
Rochester, N.Y.	305,381	47
Indianapolis	303,674	48
Fort Worth - Arlington	298,518	49
Middlesex - Somerset - Hunterdon	287,912	50
Oklahoma City	269,794	51
Buffalo	264,571	52
San Antonio	264,431	53
Nashville	258,900	54
Salt Lake City - Ogden	257,634	55
Worcester - Fitchburg - Leominster	256,124	56
Springfield, Mass	246,145	57
Louisville	241,771	58
Albany - Schenectady - Troy	240,795	59
Las Vegas	234,971	60
Charlotte - Gastonia - Rock Hill	226,286	61
Jacksonville, Fla	220,852	62
Greensboro - Winston-Salem - High Point	220,172	63
Omaha	217,205	64
Santa Barbara - Santa Maria - Lompoc	210,902	65
Austin	207,899	66
Richmond - Petersburg	207,326	67
Knoxville	201,730	68
Toledo	199,779	69
Dayton - Springfield	193,437	70
Grand Rapids	193,080	71
Syracuse	188,073	72
Akron	187,843	73
Tucson	184,551	74
Tacoma	183,354	75
Oxnard - Ventura	180,632	76
Memphis	178,311	77
Atlantic City	176,867	78
Albuquerque	172,838	79
Scranton - Wilkes-Barre	170,650	80
Allentown - Bethlehem	170,070	81
Harrisburg - Lebanon - Carlisle	167,576	82
Raleigh - Durham	167,322	83
Portsmouth - Dover - Rochester	164,417	84
Portland, Me	163,500	85
New Bedford - Fall River - Attleboro	160,921	86
Manchester - Nashua	159,255	87
Madison	158,795	88
Salinas - Seaside - Monterey	155,698	89
Gary - Hammond	151,152	90
Bakersfield	148,930	91
Vallejo - Fairfield - Napa	146,751	92
Sarasota	146,725	93
Fresno	145,070	94
Tulsa	140,664	95
Wilmington, Del	140,202	96
Lancaster	136,246	97
Birmingham	132,834	98
Lake County, Ill	128,207	99
Santa Rosa - Petaluma	123,156	100
Daytona Beach	121,157	101
Spokane	118,412	102
Fort Myers - Cape Coral	117,711	103
Fort Wayne	116,689	104
Wichita	115,757	105
Reading	114,052	106
Saginaw - Bay City - Midland	113,386	107
Lexington-Fayette	113,129	108
Stockton	112,732	109
Lansing - East Lansing	111,172	110
Des Moines	111,086	111
Greenville - Spartanburg	110,068	112
New London - Norwich	108,767	113
Boulder - Longmont	104,251	114
Trenton	102,609	115
Melbourne - Titusville - Palm Bay	102,485	116
Anchorage	102,025	117
Flint	101,382	118
Colorado Springs	100,223	119
Canton	100,056	120
Jersey City	98,856	121
Charleston, S.C.	97,164	122
Youngstown - Warren	95,799	123
Reno	92,615	124
Ann Arbor	92,031	125
Little Rock - North Little Rock	91,756	126
Davenport - Rock Island - Moline	91,640	127
El Paso	89,832	128
Duluth	89,490	129
Chattanooga	89,314	130
York	87,914	131
Columbia, S.C.	86,500	132
Baton Rouge	86,139	133
Corpus Christi	85,769	134
Peoria	85,701	135
Aurora - Elgin	81,568	136
Santa Cruz	80,883	137
Mobile	79,504	138
Lakeland - Winter Haven	78,923	139
Eugene - Springfield	76,613	140
Rockford	75,554	141
Appleton - Oshkosh - Neenah	75,216	142
Tallahassee	74,737	143
South Bend - Mishawaka	73,481	144
Modesto	72,860	145
Burlington, Vt	72,744	146
Bradenton	72,297	147
Gainesville	71,507	148
Beaumont - Port Arthur	71,467	149
Utica - Rome	70,235	150
Joliet	69,460	151
Boise	68,352	152
Binghamton	68,034	153
Lincoln	67,651	154
Erie	67,195	155
Kalamazoo	67,158	156
Evansville	66,936	157
Savannah	65,710	158
Green Bay	65,669	159
Shreveport	65,659	160
Pensacola	64,563	161
Salem, Ore	62,951	162
Poughkeepsie	61,202	163
Roanoke	60,624	164
Fort Collins - Loveland	60,491	165
Pittsfield	60,148	166
Jackson, Miss	59,117	167
Naples	59,001	168
Champaign - Urbana - Rantoul	58,200	169
Springfield, Ill	57,927	170
Vancouver	57,710	171
Orange County, N.Y.	57,627	172
Fort Walton Beach	56,911	173
Chico	56,473	174
Visalia - Tulare - Porterville	55,684	175
Panama City	55,657	176
Springfield, Mo	54,534	177
Galveston - Texas City	53,960	178
Hamilton - Middletown	53,270	179
Fargo - Moorhead	53,202	180
Macon - Warner Robins	52,451	181
Fort Pierce	52,215	182
Fayetteville, N.C.	51,915	183
Lafayette, La	51,486	184
Yakima	51,002	185
Brownsville - Harlingen	50,841	186
Johnson City - Kingsport - Bristol	50,426	187
Merced	50,301	188
Bremerton	49,138	189
Olympia	48,852	190
Augusta	48,438	191
Racine	48,071	192
Bangor	48,043	193
Lubbock	47,882	194
Amarillo	47,574	195
Charleston, W.Va.	46,853	196
Billings	46,056	197
Odessa	46,031	198
St. Cloud	45,654	199
Asheville	44,909	200
Killeen - Temple	44,542	201
Bellingham	44,414	202
Sioux Falls	44,336	203
Biloxi - Gulfport	43,759	204
Santa Fe	43,670	205
Kenosha	43,628	206
McAllen - Edinburg - Mission	43,564	207
Huntsville	43,481	208
Hickory	42,905	209
Janesville - Beloit	42,849	210
Topeka	42,807	211
Ocala	42,800	212
Eau Claire	42,289	213
Lorain - Elyria	41,915	214
Montgomery	41,750	215
Huntington - Ashland	41,358	216
Cedar Rapids	40,384	217
Niagara Falls	40,351	218
Columbus, Ga	39,668	219
Richland - Kennewick - Pasco	39,535	220
Rochester, Minn	39,273	221
Longview - Marshall	39,233	222
Redding	38,963	223
Lima	38,233	224
Bryan - College Station	37,878	225
Medford	37,792	226
Waco	37,201	227
Benton Harbor	37,182	228
Wilmington, N.C.	35,982	229
Muskegon	35,814	230
Provo - Orem	35,651	231
Bloomington - Normal	35,605	232
Lynchburg	35,422	233
Wichita Falls	35,345	234
Pueblo	35,308	235
Rapid City	35,141	236
Waterloo - Cedar Falls	34,648	237
Terre Haute	34,275	238
Midland, Tex	34,253	239
Abilene	33,716	240
Muncie	33,652	241
Charlottesville	33,627	242
Glens Falls	33,596	243
State College	33,104	244
Houma - Thibodaux	32,606	245
Battle Creek	32,551	246
Jamestown - Dunkirk	32,374	247
Elkhart - Goshen	32,154	248
La Crosse	31,651	249
Yuba City	31,370	250
Athens	31,345	251
Johnstown	31,240	252
Joplin	31,032	253
Parkersburg - Marietta	30,784	254
Lafayette - West Lafayette	29,900	255
Bismarck	29,849	256
Lewiston - Auburn	29,612	257
Wheeling	29,252	258
Sioux City	29,154	259
Greeley	29,082	260
Burlington, N.C.	28,926	261
Decatur, Ill	28,622	262
Cheyenne	28,401	263
Laredo	27,196	264
Jackson, Mich	26,855	265
Kokomo	26,718	266
San Angelo	26,580	267
Great Falls	25,823	268
Altoona	25,789	269
Clarksville - Hopkinsville	25,362	270
Sheboygan	25,278	271
Fort Smith	25,104	272
Lake Charles	24,939	273
Tyler	24,600	274
Elmira	24,461	275
Las Cruces	24,438	276
Beaver County, Pa	24,330	277
Albany, Ga	24,212	278
Sharon	24,059	279
Owensboro	23,989	280
Mansfield	23,921	281
Kankakee	23,907	282
Columbia, Mo	23,728	283
Anderson, Ind	23,504	284
Bloomington, Ind	23,485	285
Steubenville - Weirton	23,184	286
Williamsport	22,711	287
Vineland - Millville - Bridgeton	22,615	288
Iowa City	22,246	289
Wausau	22,041	290
Brazoria	22,018	291
St. Joseph	22,018	291
Monroe	21,941	293
Dubuque	21,839	294
Danville, Va	21,735	295
Cumberland	21,342	296
Texarkana	21,240	297
Anderson, S.C.	20,956	298
Casper	20,226	299
Tuscaloosa	20,206	300
Lawrence, Kans	19,743	301
Dothan	19,652	302
Fayetteville - Springdale	19,347	303
Lawton	19,297	304
Florence, S.C.	18,806	305
Jacksonville, N.C.	18,789	306
Sherman - Denison	18,100	307
Alexandria, La	17,119	308
Florence, Ala	16,872	309
Jackson, Tenn	16,726	310
Pascagoula	16,724	311
Grand Forks	16,287	312
Hagerstown	15,144	313
Victoria	14,986	314
Gadsden	12,334	315
Enid	11,903	316
Decatur, Ala	11,693	317
Anniston	10,006	318
Pine Bluff	9,254	319
Total Above Areas	60,767,773	
Percent of U.S.	85.6870	
United States Total	70,918,274	

RAI 1988

MSA	RAI	Rank
Honolulu	248	1
Santa Fe	177	2
San Francisco	174	3
Panama City	172	4
Kalamazoo	162	5
Lexington-Fayette	159	6
Boston - Lawrence - Salem - Lowell - Brockton	158	7
Anaheim - Santa Ana	150	8
Albuquerque	148	9
Cheyenne	148	9
Salinas - Seaside - Monterey	148	9
Anchorage	146	12
Fargo - Moorhead	144	13
Ann Arbor	141	14
Lafayette - West Lafayette	138	15
New York	138	15
Portland, Ore	138	15
Los Angeles - Long Beach	137	18
San Jose	137	18
Lawrence, Kans	136	20
Fort Lauderdale - Hollywood - Pompano Beach	134	21
Champaign - Urbana - Rantoul	[illegible]	22
Atlanta	131	23
Biloxi - Gulfport	131	23
San Diego	131	23
Minneapolis - St. Paul	129	26
Seattle	129	26
Louisville	128	28
Savannah	128	28
Lincoln	127	30
Owensboro	127	30
Worcester - Fitchburg - Leominster	127	30
Indianapolis	126	33
Washington	126	33
Wichita	125	35
Fort Walton Beach	124	36
Houma - Thibodaux	124	36
Atlantic City	123	38
Hartford - New Britain - Middletown - Bristol	123	38
New London - Norwich	122	40
Omaha	122	40
Portland, Me	122	40
Grand Rapids	121	43
Orlando	121	43
Bloomington, Ind	120	45
Colorado Springs	120	45
Kansas City	120	45
Knoxville	120	45
Madison	120	45
Salem, Ore	119	50
Santa Barbara - Santa Maria - Lompoc	119	50
Chicago	118	52
Green Bay	118	52
Nashville	118	52
New Haven - Waterbury - Meriden	118	52
Norfolk - Virginia Beach - Newport News	118	52
Rapid City	118	52
Wilmington, N.C	118	52
Burlington, Vt	117	59
St. Louis	117	59
Bismarck	116	61
Bridgeport - Stamford - Norwalk - Danbury	116	61
Huntsville	116	61
Vallejo - Fairfield - Napa	116	61
Baltimore	115	65
Denver	115	65
Greensboro - Winston-Salem - High Point	115	65
State College	115	65
Bloomington - Normal	114	69
Oklahoma City	114	69
Springfield, Ill	114	69
Grand Forks	113	72
Las Cruces	113	72
Raleigh - Durham	113	72
Sacramento	113	72
Santa Cruz	113	72
Springfield, Mo	113	72
Jacksonville, Fla	112	78
Muncie	112	78
Oakland	112	78
Boulder - Longmont	111	81
Dothan	111	81
Eugene - Springfield	111	81
Las Vegas	111	81
Miami - Hialeah	111	81
Tallahassee	111	81
Iowa City	110	87
Flint	109	88
Fort Wayne	109	88
Memphis	109	88
Sarasota	109	88
Columbia, S.C	108	92
Columbus, Ohio	108	92
Cumberland	108	92
Providence - Pawtucket - Woonsocket	108	92
Saginaw - Bay City - Midland	108	92
South Bend - Mishawaka	108	92
Tacoma	108	92
Wichita Falls	108	92
Clarksville - Hopkinsville	107	100
Davenport - Rock Island - Moline	107	100
Terre Haute	107	100
Bellingham	106	103
Benton Harbor	106	103
Boise	106	103
Bryan - College Station	106	103
Columbia, Mo	106	103
West Palm Beach - Boca Raton - Delray Beach	106	103
Charleston, S.C	105	109
Cincinnati	105	109
Cleveland	105	109
Columbus, Ga	105	109
Manchester - Nashua	105	109
Sioux Falls	105	109
Springfield, Mass	105	109
Detroit	104	116
Lima	104	116
Waterloo - Cedar Falls	104	116
Burlington, N.C	103	119
Fayetteville, N.C	103	119
Medford	103	119
Topeka	103	119
Albany, Ga	102	123
Dallas	102	123
Evansville	102	123
Gary - Hammond	102	123
Muskegon	102	123
Parkersburg - Marietta	102	123
Rochester, Minn	102	123
Vancouver	102	123
Jacksonville, N.C	101	131
Montgomery	101	131
Toledo	101	131
Austin	100	134
Bangor	100	134
Kokomo	100	134
La Crosse	100	134
Santa Rosa - Petaluma	100	134
Spokane	100	134
Stockton	100	134
Bremerton	99	141
Florence, Ala	99	141
Houston	99	141
Jackson, Mich	99	141
Merced	99	141
Pensacola	99	141
Tulsa	99	141
Asheville	98	148
Daytona Beach	98	148
Duluth	98	148
Fort Collins - Loveland	98	148
Lafayette, La	98	148
Melbourne - Titusville - Palm Bay	98	148
Phoenix	98	148
Reno	98	148
Bradenton	97	156
Great Falls	97	156
Joplin	97	156
Lansing - East Lansing	97	156
Reading	97	156
Roanoke	97	156
Salt Lake City - Ogden	97	156
Tucson	97	156
Appleton - Oshkosh - Neenah	96	164
Athens	96	164
Des Moines	96	164
Dubuque	96	164
El Paso	96	164
Jackson, Tenn	96	164
Lake County, Ill	96	164
Amarillo	95	171
Erie	95	171
Riverside - San Bernardino	95	171
Akron	94	174
Birmingham	94	174
Huntington - Ashland	94	174
Mobile	94	174
Portsmouth - Dover - Rochester	94	174
Tampa - St. Petersburg - Clearwater	94	174
Battle Creek	93	180
Gainesville	93	180
Hamilton - Middletown	93	180
Billings	92	183
Decatur, Ala	92	183
Gadsden	92	183
Jackson, Miss	92	183
Youngstown - Warren	92	183
Aurora - Elgin	91	188
Dayton - Springfield	91	188
Fort Smith	91	188
Peoria	91	188
Philadelphia	91	188
Pittsburgh	91	188
Richmond - Petersburg	91	188
Allentown - Bethlehem	90	195
Cedar Rapids	90	195
Eau Claire	90	195
Fort Worth - Arlington	90	195
Kankakee	90	195
Kenosha	90	195
New Orleans	90	195
Wilmington, Del	90	195
Danville, Va	89	203
Fayetteville - Springdale	89	203
Lubbock	89	203
Lynchburg	89	203
Naples	89	203
Odessa	89	203
Bakersfield	88	209
St. Joseph	88	209
San Angelo	88	209
Sioux City	88	209
Yuba City	88	209
Abilene	87	214
Casper	87	214
Fort Myers - Cape Coral	87	214
Fresno	87	214
Pueblo	87	214
Sharon	87	214
Corpus Christi	86	220
Elmira	86	220
Joliet	86	220
Macon - Warner Robins	86	220
Rockford	86	220
St. Cloud	86	220
Canton	85	226
Greenville - Spartanburg	85	226
Hickory	85	226
Sherman - Denison	85	226
Yakima	85	226
Augusta	84	231
Bergen - Passaic	84	231
Charlotte - Gastonia - Rock Hill	84	231
Chattanooga	84	231
Mansfield	84	231
Rochester, N.Y	84	231
Tuscaloosa	84	231
Charlottesville	83	238
Enid	83	238
Johnson City - Kingsport - Bristol	83	238
Killeen - Temple	83	238
Lancaster	82	242
Lawton	82	242
Little Rock - North Little Rock	82	242
Milwaukee	82	242
Waco	82	242
York	82	242
Anderson, S.C	81	248
Chico	81	248
Greeley	81	248
Pittsfield	81	248
Scranton - Wilkes-Barre	81	248
Sheboygan	81	248
Buffalo	80	254
Charleston, W.Va	80	254
Janesville - Beloit	80	254
Modesto	80	254
Oxnard - Ventura	80	254
Anniston	79	259
Elkhart - Goshen	79	259
Florence, S.C	79	259
Olympia	79	259
Provo - Orem	79	259
Racine	79	259
Redding	79	259
San Antonio	79	259
Trenton	79	259
Brownsville - Harlingen	78	268
Midland, Tex	78	268
Richland - Kennewick - Pasco	78	268
Decatur, Ill	77	271
Galveston - Texas City	77	271
Shreveport	77	271
Harrisburg - Lebanon - Carlisle	76	274
Longview - Marshall	76	274
Nassau - Suffolk	76	274
Newark	76	274
Syracuse	76	274
Wheeling	75	279
Baton Rouge	74	280
Lakeland - Winter Haven	73	281
Monmouth - Ocean	73	281
Texarkana	73	281
Lewiston - Auburn	72	284
Jamestown - Dunkirk	71	285
Binghamton	70	286
Monroe	70	286
New Bedford - Fall River - Attleboro	70	286
Beaumont - Port Arthur	69	289
Middlesex - Somerset - Hunterdon	69	289
Pascagoula	69	289
Visalia - Tulare - Porterville	69	289
Anderson, Ind	68	293
Niagara Falls	68	293
Steubenville - Weirton	68	293
Tyler	68	293
Utica - Rome	68	293
Albany - Schenectady - Troy	67	298
Glens Falls	67	298
Altoona	66	300
Victoria	66	300
Hagerstown	65	302
Lorain - Elyria	65	302
Fort Pierce	63	304
Williamsport	63	304
Ocala	62	306
McAllen - Edinburg - Mission	61	307
Poughkeepsie	60	308
Wausau	60	308
Laredo	59	310
Alexandria, La	58	311
Lake Charles	54	312
Pine Bluff	54	312
Johnstown	52	314
Jersey City	51	315
Brazoria	47	316
Orange County, N.Y	46	317
Vineland - Millville - Bridgeton	43	318
Beaver County, Pa	41	319
Total Above Areas	107	
United States Total	100	

RGI 1988

MSA	RGI	Rank
Las Vegas	549	1
Atlantic City	423	2
Reno	399	3
Orlando	169	4
Honolulu	168	5
Rochester, Minn	148	6
Bismarck	145	7
Minneapolis - St. Paul	133	8
Washington	133	8
Charleston, S.C	126	10
Burlington, Vt	125	11
Pascagoula	125	11
Huntsville	124	13
Grand Rapids	123	14
Tallahassee	123	14
Anchorage	122	16
Memphis	122	16
Louisville	121	18
Dallas	120	19
Middlesex - Somerset - Hunterdon	120	19
Sioux Falls	120	19
Harrisburg - Lebanon - Carlisle	119	22
Houston	119	22
Ann Arbor	118	24
Iowa City	118	24
Miami - Hialeah	118	24
Boston - Lawrence - Salem - Lowell - Brockton	117	27
Kansas City	117	27
Lancaster	117	27
Phoenix	117	27
Wilmington, Del	117	27
Manchester - Nashua	116	32
Omaha	116	32
Augusta	115	34
Jacksonville, Fla	115	34
Lexington-Fayette	115	34
Newark	115	34
Philadelphia	115	34
Baltimore	114	39
Lansing - East Lansing	114	39
Brazoria	113	41
Chicago	113	41
Madison	113	41
Nashville	113	41
Salt Lake City - Ogden	113	41
Springfield, Ill	113	41
Trenton	113	41
New York	112	48
Pensacola	112	48
Atlanta	111	50
New Orleans	111	50
San Jose	111	50
West Palm Beach - Boca Raton - Delray Beach	111	50
Charlotte - Gastonia - Rock Hill	110	54
Florence, S.C	110	54
Hartford - New Britain - Middletown - Bristol	110	54
Montgomery	110	54
Portland, Me	110	54
Baton Rouge	109	59
Bergen - Passaic	109	59
Champaign - Urbana - Rantoul	109	59
Jersey City	109	59
Lincoln	109	59
Los Angeles - Long Beach	109	59
St. Louis	109	59
Salinas - Seaside - Monterey	109	59
San Francisco	109	59
Jackson, Miss	108	68
Laredo	108	68
Lynchburg	108	68
Albany, Ga	107	71
Anaheim - Santa Ana	107	71
Lafayette, La	107	71
Richland - Kennewick - Pasco	107	71
San Diego	107	71
Cincinnati	106	76
Norfolk - Virginia Beach - Newport News	106	76
Richmond - Petersburg	106	76
Saginaw - Bay City - Midland	106	76
Savannah	106	76
Springfield, Mo	106	76
Beaumont - Port Arthur	105	82
Boise	105	82
Casper	105	82
Decatur, Ill	105	82
Indianapolis	105	82
Kalamazoo	105	82
Milwaukee	105	82
Binghamton	104	89
Columbia, S.C	104	89
Hagerstown	104	89
Knoxville	104	89
Peoria	104	89
Aurora - Elgin	103	94
Bangor	103	94
Columbus, Ohio	103	94
Denver	103	94
Galveston - Texas City	103	94
Kenosha	103	94
Lake Charles	103	94
Seattle	103	94
York	103	94
Appleton - Oshkosh - Neenah	102	103
Bridgeport - Stamford - Norwalk - Danbury	102	103
Charlottesville	102	103
Cheyenne	102	103
Daytona Beach	102	103
Greensboro - Winston-Salem - High Point	102	103
Bremerton	101	109
Cleveland	101	109
Des Moines	101	109
Erie	101	109
Fayetteville, N.C	101	109
Green Bay	101	109
Raleigh - Durham	101	109
Rochester, N.Y	101	109
Anniston	100	117
Detroit	100	117
Johnson City - Kingsport - Bristol	100	117
Vineland - Millville - Bridgeton	100	117
Asheville	99	121
Birmingham	99	121
Cedar Rapids	99	121
El Paso	99	121
Flint	99	121
Fort Worth - Arlington	99	121
Jackson, Tenn	99	121
Lewiston - Auburn	99	121
Little Rock - North Little Rock	99	121
Santa Fe	99	121
Sheboygan	99	121
Tampa - St. Petersburg - Clearwater	99	121
Evansville	98	133
Grand Forks	98	133
Houma - Thibodaux	98	133
Lakeland - Winter Haven	98	133
Macon - Warner Robins	98	133
Naples	98	133
New London - Norwich	98	133
Worcester - Fitchburg - Leominster	98	133
Elmira	97	141
Gainesville	97	141
Jackson, Mich	97	141
Kankakee	97	141
Lafayette - West Lafayette	97	141
Oxnard - Ventura	97	141
Poughkeepsie	97	141
Provo - Orem	97	141
St. Joseph	97	141
Dothan	96	150
Mobile	96	150
Owensboro	96	150
Parkersburg - Marietta	96	150
Portland, Ore	96	150
Riverside - San Bernardino	96	150
Albuquerque	95	156
Athens	95	156
Bloomington - Normal	95	156
Fort Walton Beach	95	156
Fort Wayne	95	156
Pittsburgh	95	156
Roanoke	95	156
Joliet	94	163
Santa Barbara - Santa Maria - Lompoc	94	163
Scranton - Wilkes-Barre	94	163
Shreveport	94	163
Beaver County, Pa	93	167
Charleston, W.Va	93	167
Dayton - Springfield	93	167
Fargo - Moorhead	93	167
Fort Lauderdale - Hollywood - Pompano Beach	93	167
Hickory	93	167
La Crosse	93	167
Lake County, Ill	93	167
Lorain - Elyria	93	167
Midland, Tex	93	167
Rockford	93	167
Syracuse	93	167
Vancouver	93	167
Alexandria, La	92	180
Allentown - Bethlehem	92	180
Huntington - Ashland	92	180
Lawrence, Kans	92	180
Oakland	92	180
Springfield, Mass	92	180
Topeka	92	180
Biloxi - Gulfport	91	187
Chattanooga	91	187
Colorado Springs	91	187
Greenville - Spartanburg	91	187
Muskegon	91	187
Racine	91	187
Tucson	91	187
Burlington, N.C	90	194
Davenport - Rock Island - Moline	90	194
New Haven - Waterbury - Meriden	90	194
Reading	90	194
St. Cloud	90	194
Tacoma	90	194
Terre Haute	90	194
Vallejo - Fairfield - Napa	90	194
Waterloo - Cedar Falls	90	194
Albany - Schenectady - Troy	89	203
Anderson, S.C	89	203
Bakersfield	89	203
Battle Creek	89	203
Hamilton - Middletown	89	203
Merced	89	203
Toledo	89	203
Decatur, Ala	88	210
Gary - Hammond	88	210
Greeley	88	210
Portsmouth - Dover - Rochester	88	210
Akron	87	214
Austin	87	214
Brownsville - Harlingen	87	214
Columbia, Mo	87	214
San Antonio	87	214
Bradenton	86	219
Elkhart - Goshen	86	219
Melbourne - Titusville - Palm Bay	86	219
Nassau - Suffolk	86	219
Pine Bluff	86	219
Tuscaloosa	86	219
Visalia - Tulare - Porterville	86	219
Wausau	86	219
Wichita	86	219
Columbus, Ga	85	228
Danville, Va	85	228
Eau Claire	85	228
Killeen - Temple	85	228
Olympia	85	228
Providence - Pawtucket - Woonsocket	85	228
Sacramento	85	228
Steubenville - Weirton	85	228
Williamsport	85	228
Kokomo	84	237
McAllen - Edinburg - Mission	84	237
Ocala	84	237
Rapid City	84	237
Spokane	84	237
Yuba City	84	237
Anderson, Ind	83	243
Gadsden	83	243
Johnstown	83	243
Lubbock	83	243
New Bedford - Fall River - Attleboro	83	243
South Bend - Mishawaka	83	243
Clarksville - Hopkinsville	82	249
Duluth	82	249
Fort Collins - Loveland	82	249
Monmouth - Ocean	82	249
Muncie	82	249
Yakima	82	249
Corpus Christi	81	255
Florence, Ala	81	255
Fort Myers - Cape Coral	81	255
Odessa	81	255
Panama City	81	255
State College	81	255
Tulsa	81	255
Waco	81	255
Wheeling	81	255
Wilmington, N.C	81	255
Modesto	80	265
Stockton	80	265
Bloomington, Ind	79	267
Buffalo	79	267
Sioux City	79	267
Youngstown - Warren	79	267
Fayetteville - Springdale	78	271
Fort Pierce	78	271
Fresno	78	271
Las Cruces	78	271
Orange County, N.Y	78	271
Sarasota	78	271
Sharon	78	271
Wichita Falls	78	271
Altoona	77	279
Eugene - Springfield	77	279
Pittsfield	77	279
Santa Rosa - Petaluma	77	279
Boulder - Longmont	76	283
Canton	76	283
Cumberland	76	283
Lawton	76	283
Lima	76	283
Texarkana	76	283
Benton Harbor	75	289
Billings	75	289
Dubuque	75	289
Janesville - Beloit	75	289
Mansfield	75	289
Abilene	74	294
Jamestown - Dunkirk	74	294
Monroe	74	294
Niagara Falls	74	294
Chico	72	298
San Angelo	72	298
Amarillo	71	300
Pueblo	71	300
Bellingham	70	302
Utica - Rome	70	302
Redding	69	304
Victoria	69	304
Bryan - College Station	68	306
Great Falls	68	306
Glens Falls	67	308
Oklahoma City	67	308
Fort Smith	66	310
Longview - Marshall	65	311
Salem, Ore	65	311
Santa Cruz	65	311
Jacksonville, N.C	64	314
Joplin	64	314
Medford	62	316
Tyler	62	316
Sherman - Denison	61	318
Enid	59	319
Total Above Areas	106	
United States Total	100	

22ND ANNUAL RGI MSA RANKING

POPULATION PER UNIT 1988

MSA	Pop. Per Unit	Rank
McAllen - Edinburg - Mission	1,312	1
Laredo	1,291	2
Pascagoula	1,274	3
Provo - Orem	1,238	4
Anniston	1,228	5
Bremerton	1,188	6
Johnstown	1,138	7
Lake Charles	1,129	8
El Paso	1,128	9
Killeen - Temple	1,126	10
Augusta	1,113	11
Vineland - Millville - Bridgeton	1,110	12
Huntington - Ashland	1,105	13
Beaver County, Pa	1,103	14
Kankakee	1,101	15
Brazoria	1,099	16
Joliet	1,099	16
Johnson City - Kingsport - Bristol	1,096	18
Brownsville - Harlingen	1,091	19
Jersey City	1,091	19
Charleston, S C	1,079	21
Alexandria, La	1,070	22
Greeley	1,068	23
Saginaw - Bay City - Midland	1,058	24
Ocala	1,054	25
Baton Rouge	1,053	26
Jackson, Mich	1,049	27
Beaumont - Port Arthur	1,047	28
Pensacola	1,047	28
Montgomery	1,044	30
Hamilton - Middletown	1,041	31
Pine Bluff	1,040	32
St Cloud	1,040	32
Louisville	1,039	34
Grand Rapids	1,037	35
Riverside - San Bernardino	1,036	36
Birmingham	1,034	37
Bismarck	1,033	38
Merced	1,029	39
Clarksville - Hopkinsville	1,027	40
Lorain - Elyria	1,024	41
Shreveport	1,022	42
Tacoma	1,020	43
Columbus, Ga	1,013	44
Philadelphia	1,012	45
Fayetteville, N C	1,011	46
Gadsden	1,010	47
Lansing - East Lansing	1,009	48
Salt Lake City - Ogden	1,008	49
Huntsville	1,004	50
Jackson, Miss	1,001	51
Kenosha	999	52
Elmira	998	53
Mobile	996	54
Houma - Thibodaux	990	55
Vancouver	989	56
Memphis	985	57
Parkersburg - Marietta	985	57
Lakeland - Winter Haven	984	59
Lewiston - Auburn	981	60
Aurora - Elgin	979	61
Lynchburg	979	61
Decatur, Ala	977	63
Flint	974	64
Las Cruces	974	64
Dothan	971	66
Wilmington, Del	969	67
Visalia - Tulare - Porterville	966	68
Wheeling	964	69
Albany, Ga	961	70
Florence, Ala	959	71
Baltimore	958	72
Middlesex - Somerset - Hunterdon	958	72
Hagerstown	957	74
Lancaster	956	75
Muskegon	952	76
Florence, S C	951	77
Steubenville - Weirton	950	78
Fort Pierce	948	79
Anderson, S C	946	80
Oxnard - Ventura	945	81
Yuba City	944	82
Newark	940	83
Binghamton	939	84
Sheboygan	939	84
Decatur, Ill	935	86
Minneapolis - St Paul	936	87
York	934	88
Detroit	933	89
Erie	933	89
Stockton	933	89
Tuscaloosa	933	89
Tallahassee	932	93
Wausau	929	94
Omaha	927	95
Modesto	925	96
Lawton	923	97
Jackson, Tenn	913	98
Lafayette, La	911	99
St Louis	910	100
Charleston, W Va	909	101
Richland - Kennewick - Pasco	908	102
Sharon	904	103
Cleveland	903	104
Jacksonville, N C	903	104
Pittsburgh	903	104
Bakersfield	902	107
Springfield, Ill	902	107
Kansas City	901	109
Macon - Warner Robins	901	109
Sioux Falls	900	111
Bangor	899	112
Iowa City	898	113
Racine	898	113
Columbia, S C	896	115
Little Rock - North Little Rock	895	116
Bradenton	893	117
Las Vegas	893	117
Peoria	893	117
Yakima	892	120
Houston	891	121
Rochester, Minn	891	121
Harrisburg - Lebanon - Carlisle	890	123
Lake County, Ill	890	123
Vallejo - Fairfield - Napa	888	125
Chicago	887	126
Anderson, Ind	886	127
Texarkana	886	127
Terre Haute	885	129
Youngstown - Warren	883	130
Athens	882	131
Lawrence, Kans	882	131
New Orleans	882	131
Olympia	882	131
Galveston - Texas City	880	135
Charlotte - Gastonia - Rock Hill	879	136
St Joseph	879	136
Appleton - Oshkosh - Neenah	876	138
Phoenix	876	138
Champaign - Urbana - Rantoul	874	140
Bergen - Passaic	873	141
Jacksonville, Fla	873	141
Milwaukee	871	143
Waterloo - Cedar Falls	871	143
Boise	869	145
Poughkeepsie	868	146
Gary - Hammond	[illegible]	147
Chattanooga	[illegible]	148
Midland, Tex	865	149
Orange County, N Y	865	149
Worcester - Fitchburg - Leominster	865	149
Green Bay	864	152
Los Angeles - Long Beach	864	152
Allentown - Bethlehem	863	154
Nashville	863	154
Norfolk - Virginia Beach - Newport News	863	154
Rochester, N Y	862	157
Dayton - Springfield	859	158
Lincoln	857	159
New York	857	159
Tucson	856	161
Savannah	854	162
Cincinnati	852	163
Trenton	852	163
Akron	851	165
Davenport - Rock Island - Moline	851	165
Waco	851	165
Altoona	848	168
Greensboro - Winston-Salem - High Point	848	168
Washington	845	170
Fresno	844	171
New Bedford - Fall River - Attleboro	844	171
Bloomington - Normal	842	173
Eau Claire	842	173
Cedar Rapids	841	175
Fort Worth - Arlington	840	176
Grand Forks	840	176
Monmouth - Ocean	838	178
Biloxi - Gulfport	837	179
Danville, Va	837	179
Reno	836	181
Indianapolis	834	182
Rockford	834	182
Scranton - Wilkes-Barre	834	182
State College	831	185
Lafayette - West Lafayette	830	186
Springfield, Mass	830	186
Owensboro	829	188
Williamsport	829	188
Evansville	828	190
Columbus, Ohio	827	191
San Diego	827	191
Springfield, Mo	827	191
Reading	826	194
Monroe	824	195
Richmond - Petersburg	822	196
Tampa - St Petersburg - Clearwater	822	196
Victoria	822	196
Benton Harbor	819	199
Greenville - Spartanburg	819	199
Toledo	819	199
Colorado Springs	818	202
San Antonio	816	203
Lexington-Fayette	815	204
Kalamazoo	814	205
Chico	811	206
Orlando	810	207
Melbourne - Titusville - Palm Bay	809	208
Battle Creek	806	209
Syracuse	806	209
San Angelo	803	211
Cheyenne	799	212
Des Moines	799	212
Nassau - Suffolk	799	212
Hartford - New Britain - Middletown - Bristol	797	215
Abilene	796	216
Miami - Hialeah	796	216
Tyler	794	218
Hickory	793	219
Manchester - Nashua	793	219
Canton	792	221
Bryan - College Station	791	222
Madison	791	222
Duluth	790	224
West Palm Beach - Boca Raton - Delray Beach	787	225
Sioux City	786	226
Burlington, Vt	785	227
Muncie	785	227
Oakland	784	229
Elkhart - Goshen	783	230
Columbia, Mo	782	231
Corpus Christi	782	231
Spokane	782	231
Casper	781	234
Fort Wayne	781	234
Ann Arbor	780	236
Burlington, N C	780	236
Gainesville	779	238
Salem, Ore	776	239
Fayetteville - Springdale	775	240
Bridgeport - Stamford - Norwalk - Danbury	773	241
Albany - Schenectady - Troy	772	242
Fort Collins - Loveland	772	242
Odessa	772	242
Lubbock	771	245
Utica - Rome	767	246
Pueblo	766	247
Atlanta	765	248
Fargo - Moorhead	765	248
Denver	764	250
Tulsa	763	251
New London - Norwich	760	252
Providence - Pawtucket - Woonsocket	760	252
Janesville - Beloit	759	254
Mansfield	759	254
Dallas	756	256
Kokomo	756	256
Bloomington, Ind	755	258
Knoxville	752	259
San Jose	752	259
Boston - Lawrence - Salem - Lowell - Brockton	749	261
Buffalo	749	261
New Haven - Waterbury - Meriden	748	263
Raleigh - Durham	747	264
Albuquerque	745	265
Daytona Beach	745	265
Lima	745	265
Dubuque	744	268
Cumberland	742	269
Roanoke	739	270
Joplin	738	271
Salinas - Seaside - Monterey	738	271
Wichita Falls	738	271
Asheville	737	274
Fort Walton Beach	737	274
Jamestown - Dunkirk	737	274
Fort Myers - Cape Coral	735	277
Santa Rosa - Petaluma	735	277
Sherman - Denison	735	277
Charlottesville	733	280
Portsmouth - Dover - Rochester	732	281
Sacramento	729	282
Anaheim - Santa Ana	727	283
Fort Smith	726	284
Topeka	724	285
Portland, Ore	719	286
South Bend - Mishawaka	719	286
Medford	714	288
Niagara Falls	714	288
Seattle	712	290
Honolulu	707	291
La Crosse	707	291
Sarasota	706	293
Longview - Marshall	702	294
Fort Lauderdale - Hollywood - Pompano Beach	698	295
Portland, Me	697	296
Austin	693	297
Naples	693	297
Wichita	685	299
Eugene - Springfield	682	300
Anchorage	680	301
Santa Barbara - Santa Maria - Lompoc	667	302
Bellingham	663	303
Santa Fe	661	304
Wilmington, N C	661	304
Redding	659	306
Amarillo	650	307
Enid	643	308
Rapid City	624	309
Great Falls	619	310
Boulder - Longmont	617	311
Santa Cruz	610	312
Oklahoma City	608	313
Pittsfield	602	314
Panama City	595	315
Billings	578	316
San Francisco	508	317
Glens Falls	499	318
Atlantic City	451	319
Total Above Areas	846	
United States Total	856	

22ND ANNUAL RGI MSA RANKING

PER CAPITA EATING PLACE SALES 1988

MSA	Per Capita Sales	Rank
San Francisco	1,341	1
Honolulu	1,244	2
Anchorage	1,229	3
Portland, Me	1,205	4
Boston - Lawrence - Salem - Lowell - Brockton	1,064	5
Anaheim - Santa Ana	1,018	6
Atlantic City	1,011	7
Santa Barbara - Santa Maria - Lompoc	952	8
Fort Lauderdale - Hollywood - Pompano Beach	930	9
Burlington, Vt	924	10
Odessa	919	11
Seattle	919	11
Lexington-Fayette	897	13
Bridgeport - Stamford - Norwalk - Danbury	892	14
Naples	890	15
Sarasota	868	16
Orlando	854	17
Santa Fe	851	18
Washington	848	19
San Jose	846	20
Manchester - Nashua	844	21
Wilmington, N C	842	22
Hartford - New Britain - Middletown - Bristol	834	23
Houma - Thibodaux	834	23
Panama City	830	25
Boulder - Longmont	829	26
Owensboro	825	27
Portsmouth - Dover - Rochester	818	28
West Palm Beach - Boca Raton - Delray Beach	816	29
Atlanta	815	30
Knoxville	800	31
Las Vegas	782	32
New Haven - Waterbury - Meriden	780	33
Madison	775	34
Midland, Tex	774	35
Portland, Ore	772	36
Albuquerque	771	37
Bryan - College Station	771	37
Burlington, N C	770	39
San Diego	770	39
Minneapolis - St Paul	769	41
Cheyenne	765	42
Rapid City	765	42
Bradenton	762	44
New York	760	45
New London - Norwich	754	46
Savannah	744	47
Los Angeles - Long Beach	741	48
Oklahoma City	739	49
Springfield, Mass	738	50
Fort Walton Beach	730	51
Denver	722	52
Asheville	721	53
Oakland	721	53
Lafayette, La	720	55
Phoenix	719	56
Louisville	718	57
Dallas	716	58
Omaha	716	58
Daytona Beach	715	60
Miami - Hialeah	714	61
Bergen - Passaic	713	62
Rochester, Minn	713	62
Champaign - Urbana - Rantoul	712	64
Wichita Falls	712	64
Pittsfield	700	66
Kansas City	699	67
Ann Arbor	698	68
New Orleans	694	69
Billings	693	70
Sacramento	690	71
Muncie	688	72
Abilene	686	73
Greensboro - Winston-Salem - High Point	684	74
San Angelo	684	74
Worcester - Fitchburg - Leominster	684	74
Reno	683	77
Houston	681	78
Des Moines	680	79
Providence - Pawtucket - Woonsocket	680	79
Salinas - Seaside - Monterey	680	79
Bellingham	679	82
Gainesville	678	83
Kalamazoo	677	84
Santa Cruz	675	85
Tampa - St Petersburg - Clearwater	675	85
Lawrence, Kans	674	87
New Bedford - Fall River - Attleboro	672	88
Bangor	671	89
Topeka	669	90
Fargo - Moorhead	667	91
Toledo	663	92
Cincinnati	661	93
Lincoln	660	94
Vallejo - Fairfield - Napa	660	94
Charlottesville	657	96
Raleigh - Durham	655	97
St Louis	654	98
Boise	653	99
Austin	650	100
Wichita	649	101
Kokomo	648	102
Roanoke	648	102
Spokane	646	104
Indianapolis	644	105
Fort Myers - Cape Coral	643	106
Reading	642	107
Tallahassee	642	107
Bismarck	640	109
Terre Haute	639	110
Galveston - Texas City	638	111
Kenosha	637	112
Nassau - Suffolk	636	113
Baltimore	635	114
Richmond - Petersburg	634	115
Springfield, Mo	630	116
Chicago	629	117
Springfield, Ill	629	117
Cleveland	627	119
Biloxi - Gulfport	625	120
Fort Worth - Arlington	624	121
Santa Rosa - Petaluma	624	121
Trenton	624	121
Norfolk - Virginia Beach - Newport News	622	124
Evansville	621	125
Columbus, Ohio	618	126
St Joseph	618	126
Sioux Falls	617	128
Amarillo	614	129
Harrisburg - Lebanon - Carlisle	612	130
Duluth	611	131
Eugene - Springfield	610	132
Casper	609	133
Davenport - Rock Island - Moline	609	133
Green Bay	609	133
Charleston, S C	608	136
Philadelphia	605	137
Tucson	604	138
Fort Collins - Loveland	602	139
South Bend - Mishawaka	600	140
Chico	599	141
Lafayette - West Lafayette	598	142
Bloomington - Normal	597	143
Rochester, N Y	597	143
Milwaukee	596	145
Colorado Springs	595	146
State College	594	147
Jacksonville, Fla	593	148
Detroit	591	149
Fort Wayne	591	149
Tacoma	591	149
Longview - Marshall	590	152
Athens	589	153
Lynchburg	587	154
Buffalo	586	155
La Crosse	585	156
Corpus Christi	583	157
Great Falls	583	157
Charlotte - Gastonia - Rock Hill	582	159
Bakersfield	580	160
Gary - Hammond	579	161
Pittsburgh	572	162
Lansing - East Lansing	571	163
Nashville	571	163
Albany, Ga	570	165
Glens Falls	570	165
Lubbock	569	167
Columbia, S C	568	168
Grand Rapids	568	168
Iowa City	568	168
Olympia	568	168
Saginaw - Bay City - Midland	568	168
Bloomington, Ind	566	173
Lewiston - Auburn	565	174
Lancaster	564	175
Laredo	564	175
Monmouth - Ocean	562	177
Melbourne - Titusville - Palm Bay	559	178
Tulsa	559	178
Allentown - Bethlehem	557	180
Riverside - San Bernardino	556	181
San Antonio	556	181
Salt Lake City - Ogden	555	183
Akron	553	184
Enid	553	184
Greenville - Spartanburg	553	184
Middlesex - Somerset - Hunterdon	553	184
Janesville - Beloit	552	188
Syracuse	552	188
Sioux City	550	190
Joplin	549	191
Lima	549	191
Fayetteville, N C	539	193
Rockford	539	193
Erie	538	195
Flint	538	195
Eau Claire	537	197
Newark	534	198
Dayton - Springfield	533	199
Memphis	533	199
Hickory	532	201
Dubuque	530	202
Elkhart - Goshen	529	203
Huntsville	529	203
Wilmington, Del	528	205
Cedar Rapids	526	206
Dothan	526	206
Jackson, Tenn	525	208
Stockton	525	208
Fayetteville - Springdale	521	210
Pensacola	521	210
Scranton - Wilkes-Barre	520	212
Redding	518	213
Columbia, Mo	516	214
Parkersburg - Marietta	516	214
Albany - Schenectady - Troy	515	216
Chattanooga	515	216
Mobile	513	218
Pueblo	512	219
Cumberland	511	220
Vancouver	511	220
Macon - Warner Robins	510	222
Salem, Ore	510	222
Waterloo - Cedar Falls	509	224
Elmira	508	225
Charleston, W Va	507	226
Baton Rouge	505	227
Little Rock - North Little Rock	502	228
Kankakee	500	229
Victoria	499	230
Medford	496	231
Yakima	496	231
Huntington - Ashland	495	233
Bremerton	494	234
Peoria	494	234
Appleton - Oshkosh - Neenah	493	236
Canton	492	237
Waco	492	237
Brownsville - Harlingen	491	239
Modesto	490	240
Merced	489	241
Oxnard - Ventura	489	241
Yuba City	488	243
Decatur, Ill	486	244
Racine	486	244
Battle Creek	485	246
Lake County, Ill	484	247
Lakeland - Winter Haven	484	247
Danville, Va	481	249
Fresno	481	249
Aurora - Elgin	478	251
Richland - Kennewick - Pasco	476	252
Shreveport	472	253
Beaumont - Port Arthur	468	254
Sherman - Denison	467	255
Muskegon	465	256
Binghamton	464	257
Tuscaloosa	464	257
Montgomery	462	259
Texarkana	462	259
Fort Pierce	461	261
Youngstown - Warren	461	261
Benton Harbor	460	263
Lawton	460	263
York	459	265
Killeen - Temple	455	266
Poughkeepsie	455	266
Birmingham	454	268
Jamestown - Dunkirk	451	269
Florence, S C	446	270
Ocala	446	270
Grand Forks	445	272
St Cloud	445	272
Utica - Rome	445	272
Columbus, Ga	444	275
Anderson, Ind	443	276
Monroe	443	276
Sheboygan	435	278
Visalia - Tulare - Porterville	435	278
Hamilton - Middletown	434	280
Wheeling	433	281
Clarksville - Hopkinsville	429	282
Niagara Falls	429	282
Augusta	427	284
Lake Charles	423	285
Mansfield	423	285
Jackson, Miss	420	287
El Paso	419	288
Johnson City - Kingsport - Bristol	418	289
Las Cruces	413	290
Anderson, S C	412	291
Fort Smith	412	291
Altoona	410	293
Sharon	409	294
Florence, Ala	408	295
Decatur, Ala	406	296
Williamsport	406	296
Jacksonville, N C	405	298
Tyler	404	299
Gadsden	401	300
Steubenville - Weirton	399	301
Greeley	391	302
Orange County, N Y	379	303
Pascagoula	377	304
Jackson, Mich	372	305
Joliet	368	306
Alexandria, La	360	307
Jersey City	360	307
Lorain - Elyria	350	309
Wausau	346	310
McAllen - Edinburg - Mission	344	311
Brazoria	333	312
Hagerstown	318	313
Vineland - Millville - Bridgeton	317	314
Provo - Orem	315	315
Pine Bluff	310	316
Beaver County, Pa	278	317
Anniston	270	318
Johnstown	270	318
Total Above Areas	667	
United States Total	603	

22ND ANNUAL RGI MSA RANKING

PER CAPITA FAST FOOD SALES 1988

MSA	Per Capita Sales	Rank
Owensboro	460	1
Lexington-Fayette	452	2
Wilmington, N C	443	3
Honolulu	423	4
Burlington, N C	406	5
Odessa	403	6
Portland, Me	395	7
Santa Fe	386	8
Louisville	384	9
Savannah	381	10
Asheville	380	11
Atlanta	377	12
Naples	374	13
Knoxville	369	14
Anchorage	364	15
Anaheim - Santa Ana	357	16
Oklahoma City	341	17
Midland, Tex	339	18
Bryan - College Station	338	19
Lawrence, Kans	338	19
Topeka	336	21
Biloxi - Gulfport	333	22
San Jose	331	23
Dothan	329	24
Orlando	327	25
Muncie	325	26
Greensboro - Winston-Salem - High Point	322	27
Huntington - Ashland	321	28
Evansville	319	29
Raleigh - Durham	319	29
Kansas City	317	31
Charlotte - Gastonia - Rock Hill	316	32
Albuquerque	315	33
Wichita Falls	312	34
Greenville - Spartanburg	309	35
Richmond - Petersburg	308	36
Atlantic City	307	37
Kokomo	306	38
San Francisco	306	38
Omaha	304	40
Athens	302	41
Panama City	302	41
Terre Haute	302	41
Abilene	301	44
Columbia, S C	301	44
Indianapolis	300	46
San Angelo	300	46
Wichita	300	46
St Louis	299	49
Lafayette, La	298	50
Springfield, Mo	297	51
Charlottesville	295	52
Cheyenne	295	52
Des Moines	295	52
Fayetteville - Springdale	295	52
Houma - Thibodaux	294	56
Washington	294	56
Columbus, Ohio	293	58
Albany, Ga	292	59
Sacramento	291	60
Roanoke	290	61
Madison	289	62
Charleston, S C	288	63
Dallas	287	64
Huntsville	287	64
Fort Worth - Arlington	285	66
Fayetteville, N C	284	67
Hickory	284	67
Jacksonville, Fla	284	67
Davenport - Rock Island - Moline	283	70
Lafayette - West Lafayette	283	70
Austin	281	72
Lincoln	281	72
Oakland	281	72
Eugene - Springfield	280	75
Galveston - Texas City	280	75
Norfolk - Virginia Beach - Newport News	280	75
Champaign - Urbana - Rantoul	279	78
Santa Barbara - Santa Maria - Lompoc	278	79
Seattle	278	79
Bradenton	277	81
Santa Cruz	277	81
Vallejo - Fairfield - Napa	276	83
Charleston, W Va	275	84
St Joseph	275	84
Boston - Lawrence - Salem - Lowell - Brockton	274	86
Corpus Christi	274	86
Gary - Hammond	274	86
Memphis	274	86
Tulsa	274	86
Boulder - Longmont	273	91
Ann Arbor	271	92
Amarillo	269	93
Baton Rouge	269	93
Cincinnati	269	93
Enid	269	93
San Diego	269	93
Daytona Beach	268	98
Bloomington, Ind	267	99
Kalamazoo	267	99
Fort Lauderdale - Hollywood - Pompano Beach	266	101
Fort Walton Beach	266	101
Bismarck	265	103
Little Rock - North Little Rock	265	103
Mobile	265	103
Las Vegas	264	106
Lynchburg	263	107
Macon - Warner Robins	263	107
Tuscaloosa	263	107
Chattanooga	262	110
Dayton - Springfield	262	110
Fargo - Moorhead	262	110
Houston	262	110
Jackson, Tenn	262	110
New Haven - Waterbury - Meriden	262	110
Parkersburg - Marietta	262	110
Montgomery	261	117
New London - Norwich	260	118
Portland, Ore	260	118
Stockton	260	118
Lansing - East Lansing	258	121
Longview - Marshall	258	121
Manchester - Nashua	257	123
Hartford - New Britain - Middletown - Bristol	256	124
New Orleans	256	124
Billings	255	126
New Bedford - Fall River - Attleboro	255	126
Pensacola	255	126
Rapid City	255	126
Bangor	254	130
Colorado Springs	254	130
Decatur, Ala	254	130
Spokane	253	133
Baltimore	252	134
Boise	252	134
Lubbock	252	134
Minneapolis - St Paul	252	134
Salt Lake City - Ogden	252	134
Bakersfield	251	139
Phoenix	251	139
Riverside - San Bernardino	251	139
Toledo	251	139
Burlington, Vt	250	143
Elkhart - Goshen	250	143
Lakeland - Winter Haven	250	143
Gainesville	249	146
Tampa - St Petersburg - Clearwater	249	146
Iowa City	248	148
Los Angeles - Long Beach	248	148
Laredo	247	150
Springfield, Ill	247	150
Johnson City - Kingsport - Bristol	246	152
Joplin	245	153
Casper	244	154
South Bend - Mishawaka	244	154
Lima	243	156
Reading	243	156
Tucson	242	158
Modesto	240	159
Rochester, Minn	240	159
Santa Rosa - Petaluma	240	159
Sioux City	239	162
Birmingham	238	163
Cleveland	237	164
Harrisburg - Lebanon - Carlisle	235	165
Reno	235	165
Tallahassee	235	165
Bloomington - Normal	234	168
Nashville	234	168
Portsmouth - Dover - Rochester	234	168
Flint	233	171
Erie	232	172
Fort Smith	232	172
Shreveport	232	172
Bellingham	231	175
Dubuque	231	175
Florence, Ala	231	175
Miami - Hialeah	231	175
San Antonio	231	175
Cedar Rapids	230	180
Columbia, Mo	230	180
Columbus, Ga	230	180
Visalia - Tulare - Porterville	230	180
Wilmington, Del	229	184
Augusta	228	185
Florence, S C	228	185
Gadsden	227	187
Lawton	224	188
Tacoma	224	188
Kenosha	222	190
Bridgeport - Stamford - Norwalk - Danbury	221	191
Saginaw - Bay City - Midland	221	191
Sarasota	221	191
Waterloo - Cedar Falls	221	191
Denver	220	195
Detroit	220	195
Chicago	219	197
Clarksville - Hopkinsville	219	197
Fresno	219	197
Melbourne - Titusville - Palm Bay	219	197
Texarkana	219	197
Victoria	219	197
Rockford	218	203
Sioux Falls	218	203
Wheeling	217	205
Danville, Va	216	206
Waco	216	206
Youngstown - Warren	216	206
Akron	215	209
Brownsville - Harlingen	215	209
Fort Myers - Cape Coral	215	209
Salinas - Seaside - Monterey	215	209
Springfield, Mass	215	209
State College	215	209
Vancouver	215	209
Chico	214	216
Cumberland	214	216
Great Falls	214	216
Jackson, Miss	214	216
Lewiston - Auburn	214	216
Providence - Pawtucket - Woonsocket	214	216
Jacksonville, N C	213	222
Canton	212	223
Green Bay	212	223
Anderson, S C	211	225
Fort Wayne	211	225
Milwaukee	211	225
Peoria	211	225
Salem, Ore	211	225
West Palm Beach - Boca Raton - Delray Beach	210	230
Anderson, Ind	209	231
Beaumont - Port Arthur	206	232
Sherman - Denison	205	233
La Crosse	204	234
Philadelphia	204	234
Duluth	202	236
Pascagoula	201	237
Pittsfield	200	238
Steubenville - Weirton	200	238
Killeen - Temple	199	240
Buffalo	197	241
Kankakee	196	242
Fort Collins - Loveland	195	243
Grand Rapids	195	243
Fort Pierce	194	245
Olympia	193	246
Pittsburgh	193	246
El Paso	192	248
Hamilton - Middletown	192	248
Janesville - Beloit	192	248
Decatur, Ill	191	251
Lancaster	191	251
Allentown - Bethlehem	190	253
Battle Creek	188	254
Eau Claire	188	254
Mansfield	187	256
Appleton - Oshkosh - Neenah	186	257
Rochester, N Y	186	257
Redding	185	259
Grand Forks	184	260
Medford	184	260
Monroe	184	260
Scranton - Wilkes-Barre	184	260
Merced	183	264
Trenton	182	265
Bergen - Passaic	181	266
Muskegon	181	266
Oxnard - Ventura	180	268
Worcester - Fitchburg - Leominster	180	268
Benton Harbor	179	270
Brazoria	179	270
York	179	270
Las Cruces	178	273
Syracuse	177	274
Tyler	177	274
Lake Charles	176	276
Pine Bluff	176	276
Aurora - Elgin	175	278
Nassau - Suffolk	175	278
Monmouth - Ocean	174	280
Yuba City	174	280
New York	171	282
Racine	169	283
Yakima	169	283
Albany - Schenectady - Troy	168	285
Bremerton	168	285
Pueblo	166	287
Binghamton	165	288
Jamestown - Dunkirk	164	289
Lake County, Ill	164	289
Middlesex - Somerset - Hunterdon	163	291
Ocala	162	292
Richland - Kennewick - Pasco	162	292
Glens Falls	154	294
Lorain - Elyria	154	294
Anniston	153	296
Joliet	152	297
Sheboygan	152	297
Alexandria, La	150	299
Niagara Falls	150	299
St Cloud	150	299
Altoona	149	302
Sharon	148	303
Newark	147	304
Williamsport	147	304
Jackson, Mich	144	306
McAllen - Edinburg - Mission	144	306
Provo - Orem	144	306
Utica - Rome	143	309
Elmira	137	310
Orange County, N Y	134	311
Hagerstown	129	312
Johnstown	128	313
Greeley	127	314
Beaver County, Pa	123	315
Poughkeepsie	123	315
Wausau	121	317
Jersey City	119	318
Vineland - Millville - Bridgeton	95	319
Total Above Areas	247	
United States Total	230	

22ND ANNUAL RGI MSA RANKING

PER CAPITA RESTAURANT SALES 1988

MSA	Per Capita Sales	Rank
San Francisco	806	1
Portland, Me	698	2
Honolulu	629	3
Santa Barbara - Santa Maria - Lompoc	608	4
Atlantic City	566	5
Anaheim - Santa Ana	563	6
Boston - Lawrence - Salem - Lowell - Brockton	562	7
Sarasota	561	8
Burlington, Vt	538	9
Fort Lauderdale - Hollywood - Pompano Beach	537	10
West Palm Beach - Boca Raton - Delray Beach	523	11
Bridgeport - Stamford - [illegible]walk - Danbury	496	12
Seattle	495	13
Portsmouth - Dover - Rochester	488	14
Manchester - Nashua	478	15
Boulder - Longmont	471	16
Anchorage	458	17
Madison	451	18
Naples	443	19
Salinas - Seaside - Monterey	442	20
Rapid City	440	21
Orlando	434	22
New London - Norwich	429	23
San Jose	425	24
Portland, Ore	424	25
Pittsfield	422	26
Minneapolis - St. Paul	420	27
Panama City	420	27
Springfield, Mass	417	29
San Diego	414	30
New Haven - Waterbury - Meriden	411	31
New York	411	31
Los Angeles - Long Beach	397	33
Rochester, Minn	397	33
Hartford - New Britain - Middletown - Bristol	395	35
Billings	391	36
Santa Fe	389	37
Bradenton	385	38
Fort Myers - Cape Coral	383	39
Denver	382	40
Reno	381	41
Cheyenne	378	42
Worcester - Fitchburg - Leominster	378	42
Washington	376	44
Bellingham	374	45
Oakland	374	45
Providence - Pawtucket - Woonsocket	373	47
Fort Walton Beach	369	48
Bergen - Passaic	368	49
Las Vegas	366	50
Duluth	364	51
Phoenix	364	51
Odessa	362	53
Kenosha	358	54
Fargo - Moorhead	353	55
Daytona Beach	350	56
Miami - Hialeah	350	56
Vallejo - Fairfield - Napa	350	56
Omaha	349	59
Albuquerque	348	60
Sioux Falls	347	61
Reading	346	62
Bangor	345	63
Santa Cruz	345	63
Sacramento	343	65
Gainesville	342	66
Green Bay	342	66
Ann Arbor	336	68
Champaign - Urbana - Rantoul	336	68
Lancaster	335	70
Santa Rosa - Petaluma	334	71
Knoxville	333	72
Bismarck	332	73
Boise	332	73
Spokane	331	75
Tacoma	330	76
Tampa - St. Petersburg - Clearwater	330	76
Great Falls	329	78
La Crosse	329	78
Lexington-Fayette	329	78
Tallahassee	325	81
Toledo	325	81
Fort Collins - Loveland	322	83
New Bedford - Fall River - Attleboro	322	83
Chico	321	85
Lincoln	321	85
Fort Wayne	320	87
Milwaukee	319	88
Monmouth - Ocean	319	88
Olympia	313	90
Trenton	313	90
Chicago	312	92
Janesville - Beloit	310	93
Nassau - Suffolk	310	93
Rochester, N.Y.	307	95
Casper	305	96
Atlanta	304	97
Cleveland	304	97
Midland, Tex	304	97
South Bend - Mishawaka	304	97
Bryan - College Station	303	101
Eau Claire	303	101
Wilmington, N.C.	303	101
Kalamazoo	302	104
Kansas City	302	104
Cincinnati	301	106
Springfield, Ill	297	107
Dallas	294	108
Middlesex - Somerset - Hunterdon	294	108
Glens Falls	293	110
Houston	291	111
Grand Rapids	290	112
Lewiston - Auburn	290	112
New Orleans	290	112
Akron	289	115
Syracuse	289	115
Bakersfield	287	117
Merced	287	117
Eugene - Springfield	286	119
Des Moines	285	120
Detroit	285	120
Harrisburg - Lebanon - Carlisle	285	120
Tucson	284	123
Bloomington - Normal	282	124
Pittsburgh	282	124
Albany - Schenectady - Troy	281	126
State College	281	126
Oxnard - Ventura	280	128
Wichita Falls	280	128
Austin	279	130
Philadelphia	279	130
Muncie	278	132
Redding	278	132
Saginaw - Bay City - Midland	278	132
Burlington, N.C.	277	135
Buffalo	274	136
Oklahoma City	274	136
Pueblo	274	136
Yakima	274	136
Norfolk - Virginia Beach - Newport News	273	140
Owensboro	273	140
Racine	273	140
Riverside - San Bernardino	273	140
Bremerton	272	144
Abilene	270	145
San Angelo	269	146
Charlottesville	267	147
Rockford	266	148
Vancouver	266	148
Savannah	265	150
Lawrence, Kans	263	151
Melbourne - Titusville - Palm Bay	263	151
Nashville	263	151
Roanoke	263	151
Kokomo	262	155
Medford	262	155
Richland - Kennewick - Pasco	262	155
Topeka	262	155
Yuba City	262	155
Elmira	261	160
Asheville	259	161
Iowa City	258	162
Terre Haute	258	162
Wichita	258	162
Lake County, Ill	257	165
Binghamton	256	166
St. Joseph	256	166
Lansing - East Lansing	254	168
Allentown - Bethlehem	252	169
Sioux City	252	169
Colorado Springs	251	171
Columbus, Ohio	251	171
Galveston - Texas City	251	171
Louisville	250	174
Canton	248	175
Davenport - Rock Island - Moline	248	175
St. Cloud	248	175
St. Louis	248	175
Wilmington, Del	248	175
Baltimore	246	180
Richmond - Petersburg	246	180
Newark	245	182
Peoria	245	182
Sheboygan	245	182
Indianapolis	244	185
Raleigh - Durham	243	186
Gary - Hammond	242	187
Lafayette - West Lafayette	242	187
Lafayette, La	242	187
Amarillo	241	190
Dubuque	241	190
Jacksonville, Fla	241	190
Lima	241	190
Salt Lake City - Ogden	241	190
Stockton	241	190
Appleton - Oshkosh - Neenah	240	196
Cedar Rapids	239	197
Erie	238	198
Lynchburg	238	198
Corpus Christi	237	200
Evansville	236	201
Fresno	236	201
Greensboro - Winston-Salem - High Point	236	201
Kankakee	236	201
Fort Worth - Arlington	234	205
Salem, Ore	234	205
Battle Creek	233	207
Poughkeepsie	233	207
Waterloo - Cedar Falls	233	207
Longview - Marshall	232	210
Scranton - Wilkes-Barre	232	210
Springfield, Mo	232	210
Grand Forks	231	213
Decatur, Ill	230	214
Flint	230	214
Fort Pierce	230	214
Bloomington, Ind	229	217
Aurora - Elgin	227	218
Joplin	227	218
Ocala	226	220
Jamestown - Dunkirk	224	221
Muskegon	224	221
Laredo	222	223
Benton Harbor	221	224
Utica - Rome	219	225
York	216	226
Columbia, Mo	214	227
Elkhart - Goshen	214	227
Biloxi - Gulfport	213	229
Jackson, Tenn	213	229
Lubbock	213	229
Modesto	213	229
Athens	210	233
Greeley	210	233
Cumberland	207	235
Dayton - Springfield	206	236
Chattanooga	204	237
San Antonio	204	237
Albany, Ga	203	239
Charlotte - Gastonia - Rock Hill	203	239
Orange County, N.Y.	198	241
Lakeland - Winter Haven	197	242
Victoria	196	243
Danville, Va	195	244
Enid	195	244
Parkersburg - Marietta	195	244
Wausau	195	244
Altoona	194	248
Fayetteville, N.C.	194	248
Brownsville - Harlingen	193	250
Sharon	193	250
Waco	193	250
Williamsport	192	253
Hickory	191	254
Hamilton - Middletown	190	255
Beaumont - Port Arthur	189	256
Charleston, S.C.	189	256
Tulsa	188	258
Youngstown - Warren	188	258
Las Cruces	187	260
Columbia, S.C.	186	261
Mansfield	185	262
Niagara Falls	185	262
Visalia - Tulare - Porterville	185	262
Sherman - Denison	184	265
Memphis	182	266
Pensacola	182	266
Jersey City	181	268
Macon - Warner Robins	181	268
Shreveport	181	268
Huntsville	180	271
Joliet	180	271
Anderson, Ind	179	273
Jackson, Mich	179	273
Killeen - Temple	179	273
Houma - Thibodaux	177	276
Charleston, W.Va	176	277
Greenville - Spartanburg	176	277
Little Rock - North Little Rock	176	277
Texarkana	174	280
Fayetteville - Springdale	172	281
Wheeling	167	282
Mobile	163	283
Lawton	162	284
Vineland - Millville - Bridgeton	162	284
Baton Rouge	159	286
Clarksville - Hopkinsville	159	286
Tyler	159	286
Columbus, Ga	155	289
El Paso	155	289
Florence, S.C.	155	289
Steubenville - Weirton	154	292
Lorain - Elyria	153	293
Monroe	151	294
Dothan	148	295
Jackson, Miss	147	296
Jacksonville, N.C.	146	297
Lake Charles	144	298
Anderson, S.C.	143	299
Provo - Orem	143	299
Birmingham	142	301
Fort Smith	137	302
Montgomery	137	302
Tuscaloosa	137	302
Hagerstown	131	305
Pascagoula	129	306
Beaver County, Pa	127	307
Huntington - Ashland	125	308
Alexandria, La	123	309
Johnstown	123	309
Florence, Ala	121	311
Augusta	120	312
Gadsden	119	313
McAllen - Edinburg - Mission	116	314
Decatur, Ala	114	315
Brazoria	112	316
Johnson City - Kingsport - Bristol	112	316
Pine Bluff	102	318
Anniston	80	319
Total Above Areas	318	
United States Total	286	

For more information on National Dairy Circle Number 140 →

TOTAL POPULATION 1988

ADI	Population	Rank
New York	18,692.0	1
Los Angeles	12,940.0	2
Chicago	8,578.5	3
Philadelphia	7,243.3	4
San Francisco - Oakland - San Jose	5,658.5	5
Boston	5,582.5	6
Detroit	4,670.2	7
Dallas - Ft. Worth	4,510.1	8
Washington, D.C.	4,490.8	9
Houston	3,949.1	10
Cleveland	3,815.8	11
Atlanta	3,640.2	12
Minneapolis - St. Paul	3,550.8	13
Seattle - Tacoma	3,288.4	14
Miami	3,141.4	15
Tampa - St. Petersburg (sarasota)	3,086.1	16
St. Louis	3,053.3	17
Pittsburgh	3,051.3	18
Sacramento - Stockton	2,862.9	19
Denver	2,661.6	20
Baltimore	2,539.8	21
Phoenix	2,519.6	22
Hartford - New Haven	2,435.7	23
San Diego	2,382.0	24
Indianapolis	2,296.9	25
Orlando - Daytona Beach - Melbourne	2,112.1	26
Portland, Ore.	2,104.5	27
Milwaukee	2,021.6	28
Cincinnati	1,988.9	29
Kansas City	1,985.8	30
Charlotte	1,920.7	31
Nashville	1,898.1	32
Salt Lake City	1,891.4	33
Raleigh - Durham	1,867.8	34
Columbus, Ohio	1,791.2	35
New Orleans	1,769.7	36
Grand Rapids - Kalamazoo - Battle Creek	1,712.5	37
Greenville - Spartanburg - Asheville	1,687.1	38
Buffalo	1,678.1	39
San Antonio	1,677.8	40
Memphis	1,677.5	41
Norfolk - Portsmouth - Newport News - Hampton	1,641.0	42
Oklahoma City	1,565.7	43
Providence - New Bedford	1,507.3	44
Louisville	1,489.5	45
Harrisburg - York - Lancaster - Lebanon	1,470.6	46
Albuquerque	1,448.4	47
Charleston - Huntington	1,414.0	48
Birmingham	1,360.5	49
Greensboro - Winston-Salem - High Point	1,333.9	50
Dayton	1,316.5	51
Albany - Schenectady - Troy	1,307.5	52
Wilkes-Barre - Scranton	1,297.2	53
Fresno - Visalia	1,278.6	54
Mobile - Pensacula	1,275.3	55
Flint - Saginaw - Bay City	1,266.2	56
Little Rock	1,255.1	57
Richmond	1,226.3	58
Jacksonville	1,226.0	59
Tulsa	1,199.6	60
West Palm Beach - Ft. Pierce - Vero Beach	1,179.7	61
Wichita - Hutchinson	1,121.6	62
Shreveport - Texarkana	1,113.8	63
Toledo	1,104.7	64
Knoxville	1,063.7	65
Green Bay - Appleton	1,025.2	66
Roanoke - Lynchburg	1,019.7	67
Lexington	997.6	68
Palm Springs	990.0	69
Des Moines	967.3	70
Rochester, N.Y.	952.4	71
Syracuse	949.0	72
Omaha	934.4	73
Austin, Tex.	911.3	74
Springfield - Decatur - Champaign	881.8	75
Portland - Poland Spring	870.0	76
Paducah - Cape Girardeau - Harrisburg - Marion	860.9	77
Spokane	854.9	78
Davenport - Rock Island - Moline	830.1	79
Columbia, S.C.	829.7	80
Jackson, Miss.	828.4	81
Cedar Rapids - Waterloo - Dubuque	819.8	82
Huntsville - Decatur - Florence	807.0	83
South Bend - Elkhart	803.2	84
Springfield, Mo.	787.2	85
Chattanodga	786.4	86
Tucson	784.6	87
Johnstown - Altoona	775.3	88
Bristol - Kingsport - Johnson City	774.1	89
Baton Rouge	752.7	90
Youngstown	744.1	91
Burlington - Plattsburgh	722.0	92
El Paso	716.8	93
Madison	705.3	94
Evansville	704.0	95
McAllen - Brownsville	696.5	96
Waco - Temple - Bryan	688.2	97
Las Vegas	661.7	98
Springfield, Mass.	659.9	99
Lincoln - Hastings - Kearney	654.8	100
Savannah	651.9	101
Charleston, S.C.	638.9	102
Ft. Wayne	637.9	103
Lansing	631.8	104
Colorado Springs - Pueblo	626.9	105
Sioux Falls - Mitchell	626.4	106
Greenville - New Bern - Washington	623.6	107
Salinas - Monterey	621.0	108
Montgomery - Selma	606.4	109
Fargo	595.6	110
Augusta	592.7	111
Lafayette, La.	570.0	112
Ft. Myers - Naples	566.8	113
Peoria - Bloomington	559.2	114
Santa Barbara - Santa Maria - San Luis Obispo	554.9	115
Corpus Christi	526.6	116
Tallahassee - Thomasville	523.1	117
Ft. Smith	519.5	118
Bakersfield	519.4	119
Monroe - El Dorado	518.6	120
Columbus, Ga.	514.1	121
Amarillo	499.9	122
Macon	499.2	123
Eugene	491.5	124
Yakima	479.0	125
Tyler - Longview	467.4	126
Columbus - Tupelo	459.5	127
Beaumont - Port Arthur	457.6	128
La Crosse - Eau Claire	455.0	129
Duluth - Superior	451.1	130
Wichita Falls - Lawton	445.7	131
Wausau - Rhinelander	445.2	132
Binghamton	434.5	133
Traverse City - Cadillac	433.4	134
Boise	428.0	135
Terre Haute	427.6	136
Florence, S.C.	425.4	137
Erie	421.6	138
Rockford	415.1	139
Reno	414.4	140
Wheeling - Steubenville	413.4	141
Bluefield - Beckley - Oak Hill	412.2	142
Sioux City	410.4	143
Topeka	404.7	144
Minot - Bismarck - Dickinson	402.1	145
Chico - Redding	401.5	146
Albany, Ga.	401.2	147
Odessa - Midland	395.0	148
Wilmington	392.5	149
Lubbock	392.1	150
Utica	382.3	151
Joplin - Pittsburg	370.7	152
Columbia - Jefferson City	370.6	153
Rochester - Mason City - Austin	368.0	154
Medford	355.4	155
Quincy - Hannibal	321.3	156
Bangor	318.0	157
Idaho Falls - Pocatello	313.0	158
Abilene - Sweetwater	310.7	159
Clarksburg - Weston	290.7	160
Dothan	286.8	161
Alexandria, La.	261.4	162
Greenwood - Greenville	253.0	163
Laurel - Hattiesburg	251.6	164
Salisbury	246.9	165
Watertown - Carthage	239.5	166
Rapid City	235.7	167
Elmira	234.9	168
Gainesville	227.3	169
Billings - Hardin	222.1	170
Lake Charles	216.0	171
Panama City	212.4	172
El Centro - Yuma	206.4	173
Missoula	203.4	174
Ardmore - Ada	196.4	175
Jonesboro	196.3	176
Meridian	185.4	177
Biloxi - Gulfport - Pascagoula	182.9	178
Grand Junction - Durango	174.8	179
Great Falls	173.0	180
Marquette	156.5	181
Jackson, Tenn.	153.8	182
Tuscaloosa	147.4	183
Eureka	136.6	184
San Angelo	132.4	185
Laredo	131.4	186
Butte	127.8	187
St. Joseph	125.9	188
Anniston	125.3	189
Lafayette, Ind.	123.7	190
Bowling Green	120.5	191
Hagerstown	115.8	192
Casper - Riverton	115.1	193
Lima	113.6	194
Cheyenne - Scottsbluff	113.0	195
Charlottesville	105.0	196
Harrisonburg	103.8	197
Flagstaff	94.0	198
Parkersburg	92.0	199
Presque Isle	86.1	200
Twin Falls	85.6	201
Zanesville	85.0	202
Victoria	76.4	203
Ottumwa - Kirksville	75.2	204
Bend	71.4	205
Mankato	63.3	206
Helena	48.3	207
North Platte	47.8	208
Alpena	42.1	209
Total U.S. ADIs	246,277.6	

PER CAPITA EFFECTIVE BUYING INCOME 1988

ADI	Per Capita EBI	Rank
San Francisco - Oakland - San Jose	17,834	1
Washington, D.C.	16,814	2
Boston	16,094	3
New York	15,740	4
Hartford - New Haven	15,579	5
San Diego	15,175	6
Los Angeles	15,021	7
West Palm Beach - Ft. Pierce - Vero Beach	14,992	8
Santa Barbara - Santa Maria - San Luis Obispo	14,192	9
Seattle - Tacoma	14,141	10
Philadelphia	13,897	11
Chicago	13,613	12
Miami	13,573	13
Rochester, N.Y.	13,547	14
Salinas - Monterey	13,504	15
Charlottesville	13,394	16
Reno	13,368	17
Sacramento - Stockton	13,071	18
Peoria - Bloomington	13,062	19
Baltimore	13,052	20
Minneapolis - St. Paul	12,996	21
Milwaukee	12,990	22
Palm Springs	12,974	23
Ft. Myers - Naples	12,941	24
Detroit	12,916	25
Las Vegas	12,879	26
Springfield, Mass.	12,860	27
Providence - New Bedford	12,758	28
Atlanta	12,708	29
Kansas City	12,636	30
Dallas - Ft. Worth	12,562	31
Harrisburg - York - Lancaster - Lebanon	12,523	32
Albany - Schenectady - Troy	12,490	33
Denver	12,437	34
Rockford	12,375	35
Richmond	12,320	36
Portland - Poland Spring	12,311	37
St. Louis	12,302	38
Bakersfield	12,297	39
Madison	12,212	40
Tampa - St. Petersburg (sarasota)	12,204	41
Houston	12,141	42
Omaha	12,043	43
Phoenix	12,041	44
Portland, Ore.	12,017	45
Wichita - Hutchinson	11,932	46
Orlando - Daytona Beach - Melbourne	11,868	47
Syracuse	11,833	48
Cleveland	11,819	49
Dayton	11,747	50
Cincinnati	11,745	51
Grand Rapids - Kalamazoo - Battle Creek	11,697	52
Austin, Tex.	11,569	53
Springfield - Decatur - Champaign	11,562	54
Greensboro - Winston-Salem - High Point	11,551	55
Davenport - Rock Island - Moline	11,538	56
Pittsburgh	11,520	57
Eureka	11,485	58
Binghamton	11,479	59
Norfolk - Portsmouth - Newport News - Hampton	11,415	60
Indianapolis	11,408	61
Toledo	11,399	62
Lansing	11,379	63
Topeka	11,338	64
Jacksonville	11,333	65
Columbus, Ohio	11,240	66
Charlotte	11,195	67
Erie	11,179	68
Odessa - Midland	11,166	69
Lafayette, Ind.	11,150	70
Des Moines	11,138	71
Yakima	11,132	72
Buffalo	11,066	73
Burlington - Plattsburgh	11,061	74
Helena	10,964	75
Green Bay - Appleton	10,957	76
Fresno - Visalia	10,947	77
Nashville	10,941	78
Cedar Rapids - Waterloo - Dubuque	10,886	79
Ft. Wayne	10,872	80
Rochester - Mason City - Austin	10,864	81
Lincoln - Hastings - Kearney	10,849	82
Raleigh - Durham	10,813	83
Beaumont - Port Arthur	10,809	84
Lima	10,807	85
St. Joseph	10,798	86
Youngstown	10,798	86
Chico - Redding	10,758	88
South Bend - Elkhart	10,731	89
Roanoke - Lynchburg	10,729	90
Columbia - Jefferson City	10,582	91
Utica	10,582	91
Hagerstown	10,560	93
Evansville	10,556	94
North Platte	10,529	95
Louisville	10,460	96
Flint - Saginaw - Bay City	10,455	97
Wausau - Rhinelander	10,441	98
Salisbury	10,410	99
Gainesville	10,344	100
Wilkes-Barre - Scranton	10,319	101
Columbia, S.C.	10,317	102
La Crosse - Eau Claire	10,312	103
Spokane	10,287	104
Tucson	10,280	105
Eugene	10,247	106
Mobile - Pensacola	10,239	107
Macon	10,237	108
San Angelo	10,236	109
Parkersburg	10,221	110
Huntsville - Decatur - Florence	10,166	111
Elmira	10,165	112
Bangor	10,118	113
Duluth - Superior	10,116	114
Colorado Springs - Pueblo	10,103	115
Terre Haute	10,088	116
Grand Junction - Durango	10,036	117
Mankato	10,022	118
Boise	10,017	119
Tyler - Longview	10,014	120
Amarillo	9,984	121
Victoria	9,978	122
Greenville - Spartanburg - Asheville	9,939	123
Rapid City	9,902	124
Biloxi - Gulfport - Pascagoula	9,868	125
Billings - Hardin	9,865	126
Chattanooga	9,864	127
Savannah	9,842	128
Knoxville	9,824	129
Great Falls	9,770	130
Bristol - Kingsport - Johnson City	9,762	131
Alpena	9,750	132
Minot - Bismarck - Dickinson	9,739	133
Oklahoma City	9,702	134
Missoula	9,687	135
Butte	9,677	136
Fargo	9,675	137
Casper - Riverton	9,668	138
Birmingham	9,665	139
Waco - Temple - Bryan	9,648	140
Presque Isle	9,623	141
Tallahassee - Thomasville	9,615	142
Sioux Falls - Mitchell	9,609	143
Little Rock	9,603	144
Augusta	9,564	145
New Orleans	9,526	146
Quincy - Hannibal	9,519	147
Bend	9,492	148
Wheeling - Steubenville	9,485	149
Jackson, Tenn.	9,464	150
Johnstown - Altoona	9,463	151
Cheyenne - Scottsbluff	9,457	152
Harrisonburg	9,449	153
Medford	9,436	154
San Antonio	9,426	155
Tulsa	9,361	156
Memphis	9,344	157
Ft. Smith	9,336	158
Lake Charles	9,312	159
Twin Falls	9,299	160
Abilene - Sweetwater	9,279	161
Sioux City	9,254	162
Columbus, Ga.	9,251	163
Lexington	9,246	164
Baton Rouge	9,236	165
Paducah - Cape Girardeau - Harrisburg - Marion	9,174	166
Albuquerque	9,167	167
Joplin - Pittsburg	9,164	168
Charleston, S.C.	9,105	169
Springfield, Mo.	9,087	170
Salt Lake City	9,074	171
Watertown - Carthage	9,056	172
Zanesville	9,028	173
Wichita Falls - Lawton	8,991	174
Tuscaloosa	8,952	175
Idaho Falls - Pocatello	8,924	176
Shreveport - Texarkana	8,905	177
Flagstaff	8,902	178
Florence, S.C.	8,898	179
Lubbock	8,886	180
Anniston	8,855	181
Wilmington	8,835	182
Traverse City - Cadillac	8,829	183
Ottumwa - Kirksville	8,820	184
Greenville - New Bern - Washington	8,779	185
Panama City	8,771	186
Marquette	8,767	187
Jackson, Miss.	8,764	188
Corpus Christi	8,738	189
Charleston - Huntington	8,682	190
Dothan	8,578	191
Montgomery - Selma	8,563	192
Bowling Green	8,516	193
El Centro - Yuma	8,494	194
Albany, Ga.	8,456	195
Lafayette, La.	8,394	196
Meridian	8,356	197
Jonesboro	8,331	198
Clarksburg - Weston	8,150	199
Laurel - Hattiesburg	8,054	200
Bluefield - Beckley - Oak Hill	7,968	201
El Paso	7,908	202
Columbus - Tupelo	7,599	203
Monroe - El Dorado	7,381	204
Alexandria, La.	7,338	205
Ardmore - Ada	7,119	206
Greenwood - Greenville	6,411	207
McAllen - Brownsville	6,011	208
Laredo	5,841	209
Total U.S. ADIs	12,352	

EATING PLACE SALES 1988

ADI	Sales ($000)	Rank
New York	12,570,569	1
Los Angeles	9,804,075	2
Boston	5,510,596	3
San Francisco - Oakland - San Jose	5,182,309	4
Chicago	5,018,541	5
Philadelphia	4,449,162	6
Washington, D.C.	3,519,968	7
Dallas - Ft. Worth	2,810,857	8
Detroit	2,791,000	9
Atlanta	2,609,599	10
Miami	2,536,416	11
Seattle - Tacoma	2,523,473	12
Houston	2,482,756	13
Minneapolis - St. Paul	2,350,698	14
Cleveland	2,052,842	15
Tampa - St. Petersburg (sarasota)	1,995,927	16
Denver	1,911,143	17
Hartford - New Haven	1,890,202	18
San Diego	1,834,967	19
St. Louis	1,799,595	20
Sacramento - Stockton	1,724,970	21
Phoenix	1,665,062	22
Baltimore	1,583,977	23
Pittsburgh	1,522,311	24
Orlando - Daytona Beach - Melbourne	1,473,157	25
Portland, Ore	1,419,792	26
Indianapolis	1,289,489	27
Kansas City	1,255,968	28
New Orleans	1,158,284	29
Milwaukee	1,153,564	30
Cincinnati	1,136,741	31
Providence - New Bedford	1,089,933	32
Charlotte	991,627	33
Raleigh - Durham	978,857	34
Norfolk - Portsmouth - Newport News - Hampton	968,511	35
Oklahoma City	966,806	36
Columbus, Ohio	959,274	37
Salt Lake City	891,990	38
Louisville	861,807	39
West Palm Beach - Ft. Pierce - Vero Beach	861,212	40
Buffalo	854,520	41
Greensboro - Winston-Salem - High Point	825,343	42
Nashville	824,422	43
San Antonio	816,877	44
Grand Rapids - Kalamazoo - Battle Creek	801,629	45
Greenville - Spartanburg - Asheville	796,071	46
Harrisburg - York - Lancaster - Lebanon	796,011	47
Albuquerque	790,513	48
Portland - Poland Spring	711,727	49
Albany - Schenectady - Troy	688,259	50
Memphis	671,055	51
Jacksonville	668,556	52
Richmond	656,675	53
Dayton	631,646	54
Mobile - Pensacola	629,034	55
Knoxville	617,005	56
Wichita - Hutchinson	613,688	57
Flint - Saginaw - Bay City	600,732	58
Toledo	596,516	59
Fresno - Visalia	587,354	60
Rochester, N.Y.	582,412	61
Palm Springs	565,987	62
Wilkes-Barre - Scranton	561,294	63
Omaha	560,198	64
Austin, Tex	559,814	65
Tulsa	555,237	66

ADI	Sales ($000)	Rank
Birmingham	545,691	67
Lexington	542,934	68
Charleston - Huntington	521,347	69
Des Moines	514,876	70
Las Vegas	506,598	71
Santa Barbara - Santa Maria - San Luis Obispo	497,056	72
Syracuse	487,192	73
Springfield, Mass	484,749	74
Burlington - Plattsburgh	480,337	75
Roanoke - Lynchburg	476,854	76
Green Bay - Appleton	474,678	77
Little Rock	469,720	78
Springfield - Decatur - Champaign	464,493	79
Madison	454,842	80
Tucson	433,759	81
Spokane	427,884	82
Salinas - Monterey	407,684	83
Davenport - Rock Island - Moline	406,731	84
South Bend - Elkhart	381,623	85
Columbia, S.C.	373,150	86
Cedar Rapids - Waterloo - Dubuque	371,817	87
Charleston, S.C.	371,391	88
Lincoln - Hastings - Kearney	369,223	89
Ft. Myers - Naples	369,112	90
Shreveport - Texarkana	358,677	91
Evansville	355,248	92
Chattanooga	350,948	93
Savannah	342,169	94
Waco - Temple - Bryan	331,682	95
Colorado Springs - Pueblo	329,476	96
Baton Rouge	328,286	97
Paducah - Cape Girardeau - Harrisburg - Marion	326,119	98
Lansing	319,064	99
Springfield, Mo	317,883	100
Youngstown	317,068	101
Huntsville - Decatur - Florence	316,298	102
Ft. Wayne	305,842	103
Bakersfield	301,030	104
El Paso	300,394	105
Sioux Falls - Mitchell	294,769	106
Florence, S.C.	290,954	107
Corpus Christi	282,194	108
Reno	280,149	109
Eugene	278,794	110
Johnstown - Altoona	274,813	111
Peoria - Bloomington	270,589	112
Fargo	269,300	113
Jackson, Miss	267,387	114
Bristol - Kingsport - Johnson City	265,502	115
McAllen - Brownsville	264,422	116
Odessa - Midland	264,088	117
Greenville - New Bern - Washington	257,304	118
Tallahassee - Thomasville	245,808	119
Yakima	243,957	120
Lafayette, La	240,540	121
Salisbury	239,533	122
Amarillo	239,366	123
Duluth - Superior	232,826	124
Topeka	226,430	125
Chico - Redding	222,525	126
Montgomery - Selma	220,367	127
La Crosse - Eau Claire	217,723	128
Boise	216,282	129
Wichita Falls - Lawton	215,440	130
Macon	214,614	131
Erie	212,185	132
Traverse City - Cadillac	210,597	133
Augusta	209,109	134
Tyler - Longview	199,025	135
Rockford	193,853	136

ADI	Sales ($000)	Rank
Columbus, Ga	192,766	137
Wausau - Rhinelander	190,130	138
Bangor	189,285	139
Beaumont - Port Arthur	188,559	140
Rochester - Mason City - Austin	188,326	141
Wilmington	186,757	142
Ft. Smith	177,504	143
Medford	176,998	144
Binghamton	176,190	145
Minot - Bismarck - Dickinson	174,489	146
Sioux City	172,763	147
Utica	169,880	148
Terre Haute	168,439	149
Lubbock	166,433	150
Albany, Ga	162,561	151
Columbia - Jefferson City	156,848	152
Joplin - Pittsburg	154,893	153
Wheeling - Steubenville	153,202	154
Abilene - Sweetwater	151,060	155
Gainesville	143,654	156
Monroe - El Dorado	130,865	157
Panama City	128,361	158
Bluefield - Beckley - Oak Hill	123,274	159
Grand Junction - Durango	123,264	160
Biloxi - Gulfport - Pascagoula	122,231	161
Billings - Hardin	119,047	162
Rapid City	117,745	163
Quincy - Hannibal	115,781	164
Idaho Falls - Pocatello	110,866	165
Clarksburg - Weston	106,460	166
Missoula	103,024	167
Dothan	101,143	168
Elmira	100,865	169
Columbus - Tupelo	98,920	170
Watertown - Carthage	93,789	171
Laurel - Hattiesburg	88,166	172
El Centro - Yuma	86,008	173
Cheyenne - Scottsbluff	81,709	174
Charlottesville	81,615	175
Flagstaff	80,915	176
Lake Charles	80,553	177
Eureka	80,508	178
San Angelo	78,523	179
Lafayette, Ind	73,957	180
Alexandria, La	72,774	181
Great Falls	71,955	182
Lima	71,866	183
Bowling Green	71,411	184
Laredo	71,335	185
Greenwood - Greenville	69,365	186
Tuscaloosa	68,325	187
Jonesboro	68,103	188
St. Joseph	67,052	189
Butte	65,320	190
Ardmore - Ada	64,086	191
Casper - Riverton	58,359	192
Jackson, Tenn	55,516	193
Meridian	53,769	194
Parkersburg	53,221	195
Harrisonburg	49,514	196
Marquette	41,647	197
Bend	38,756	198
Victoria	38,052	199
Mankato	36,919	200
Hagerstown	36,791	201
Anniston	33,839	202
Presque Isle	33,618	203
Zanesville	32,880	204
Ottumwa - Kirksville	31,476	205
Twin Falls	31,327	206
North Platte	31,215	207
Helena	28,474	208
Alpena	11,843	209
Total U.S. ADIs	147,785,139	

22ND ANNUAL RGI ADI RANKING

EATING PLACE UNITS 1988

ADI	# of Units	Rank
New York	21,746	1
Los Angeles	15,157	2
Chicago	9,570	3
San Francisco - Oakland - San Jose	8,490	4
Philadelphia	7,861	5
Boston	7,610	6
Dallas - Ft. Worth	5,585	7
Washington, D.C.	5,270	8
Detroit	5,063	9
Atlanta	4,517	10
Houston	4,388	11
Cleveland	4,332	12
Seattle - Tacoma	4,326	13
Miami	4,271	14
Minneapolis - St. Paul	3,946	15
Denver	3,815	16
Tampa - St. Petersburg (sarasota)	3,615	17
Sacramento - Stockton	3,608	18
St. Louis	3,256	19
Pittsburgh	3,228	20
Hartford - New Haven	3,135	21
San Diego	2,882	22
Portland, Ore	2,874	23
Phoenix	2,849	24
Indianapolis	2,767	25
Baltimore	2,665	26
Orlando - Daytona Beach - Melbourne	2,547	27
Oklahoma City	2,354	28
Milwaukee	2,335	29
Cincinnati	2,235	30
Kansas City	2,204	31
Buffalo	2,173	32
Charlotte	2,157	33
Raleigh - Durham	2,092	34
Columbus, Ohio	2,041	35
Providence - New Bedford	1,992	36
San Antonio	1,978	37
Salt Lake City	1,964	38
Nashville	1,948	39
New Orleans	1,924	40
Norfolk - Portsmouth - Newport News - Hampton	1,893	41
Greenville - Spartanburg - Asheville	1,884	42
Albany - Schenectady - Troy	1,825	43
Albuquerque	1,759	44
Grand Rapids - Kalamazoo - Battle Creek	1,751	45
Wichita - Hutchinson	1,658	46
Harrisburg - York - Lancaster - Lebanon	1,592	47
Memphis	1,549	48
Dayton	1,522	49
Greensboro - Winston-Salem - High Point	1,507	50
Tulsa	1,496	51
Wilkes-Barre - Scranton	1,459	52
West Palm Beach - Ft. Pierce - Vero Beach	1,427	53
Fresno - Visalia	1,394	54
Louisville	1,348	55
Richmond	1,347	56
Jacksonville	1,339	57
Toledo	1,337	58
Little Rock	1,328	59
Austin, Tex	1,301	60
Portland - Poland Spring	1,289	61
Mobile - Pensacola	1,283	62
Flint - Saginaw - Bay City	1,246	63
Birmingham	1,245	64
Green Bay - Appleton	1,239	65
Charleston - Huntington	1,230	66
Des Moines	1,214	67
Knoxville	1,195	68
Syracuse	1,192	69
Rochester, N.Y.	1,115	70
Omaha	1,058	71
Roanoke - Lynchburg	1,055	72
South Bend - Elkhart	1,025	73
Spokane	1,025	73
Shreveport - Texarkana	1,018	75
Davenport - Rock Island - Moline	1,012	76
Springfield, Mo	988	77
Cedar Rapids - Waterloo - Dubuque	979	78
Burlington - Plattsburgh	975	79
Palm Springs	972	80
Springfield - Decatur - Champaign	964	81
Paducah - Cape Girardeau - Harrisburg - Marion	930	82
Madison	920	83
Salinas - Monterey	912	84
Tucson	906	85
Santa Barbara - Santa Maria - San Luis Obispo	885	86
Lexington	883	87
Chattanooga	844	88
Sioux Falls - Mitchell	844	88
Youngstown	835	90
Lincoln - Hastings - Kearney	830	91
Springfield, Mass	806	92
Columbia, S.C.	800	93
Johnstown - Altoona	794	94
Huntsville - Decatur - Florence	776	95
Colorado Springs - Pueblo	767	96
Fargo	751	97
Ft. Wayne	748	98
Las Vegas	733	99
Eugene	726	100
Evansville	722	101
Ft. Myers - Naples	720	102
Jackson, Miss	717	103
Amarillo	712	104
Waco - Temple - Bryan	704	105
Savannah	681	106
Traverse City - Cadillac	672	107
El Paso	662	108
Greenville - New Bern - Washington	654	109
Corpus Christi	651	110
Baton Rouge	647	111
Peoria - Bloomington	631	112
Bristol - Kingsport - Johnson City	628	113
Lansing	618	114
Florence, S.C.	615	115
Ft. Smith	612	116
Duluth - Superior	608	117
Bakersfield	576	118
Yakima	573	119
Tyler - Longview	564	120
Charleston, S.C.	561	121
McAllen - Brownsville	561	121
Wausau - Rhinelander	561	121
La Crosse - Eau Claire	552	124
Chico - Redding	542	125
Sioux City	542	125
Joplin - Pittsburg	541	127
Reno	540	128
Wichita Falls - Lawton	540	128
Medford	521	130
Odessa - Midland	521	130
Topeka	519	132
Lafayette, La	513	133
Tallahassee - Thomasville	504	134
Boise	503	135
Utica	503	135
Minot - Bismarck - Dickinson	495	137
Macon	483	138
Rockford	481	139
Columbus, Ga	479	140
Montgomery - Selma	478	141
Augusta	476	142
Lubbock	476	142
Erie	463	144
Rochester - Mason City - Austin	459	145
Terre Haute	459	145
Wilmington	453	147
Monroe - El Dorado	443	148
Binghamton	442	149
Bangor	440	150
Salisbury	439	151
Wheeling - Steubenville	436	152
Beaumont - Port Arthur	418	153
Columbia - Jefferson City	418	153
Columbus - Tupelo	391	155
Abilene - Sweetwater	389	156
Quincy - Hannibal	373	157
Albany, Ga	372	158
Billings - Hardin	342	159
Missoula	339	160
Idaho Falls - Pocatello	322	161
Rapid City	316	162
Bluefield - Beckley - Oak Hill	312	163
Panama City	309	164
Watertown - Carthage	307	165
Clarksburg - Weston	306	166
Gainesville	296	167
Great Falls	273	168
Laurel - Hattiesburg	267	169
Elmira	258	170
El Centro - Yuma	247	171
Dothan	239	172
Grand Junction - Durango	239	172
Eureka	234	174
Biloxi - Gulfport - Pascagoula	228	175
Ardmore - Ada	221	176
Greenwood - Greenville	217	177
Butte	214	178
Jonesboro	198	179
Alexandria, La	194	180
Lake Charles	176	181
Marquette	175	182
San Angelo	175	182
Charlottesville	163	184
Tuscaloosa	158	185
Jackson, Tenn	157	186
Casper - Riverton	154	187
Lima	153	188
Flagstaff	151	189
Cheyenne - Scottsbluff	149	190
Lafayette, Ind	149	190
Meridian	147	192
St. Joseph	142	193
Hagerstown	121	194
Bend	119	195
Harrisonburg	113	196
Zanesville	107	197
Bowling Green	104	198
Laredo	103	199
Anniston	102	200
Parkersburg	96	201
Presque Isle	93	202
Victoria	93	202
Ottumwa - Kirksville	90	204
Mankato	89	205
Twin Falls	81	206
Helena	64	207
North Platte	64	207
Alpena	55	209
Total U.S. ADIs	287,168	

FAST FOOD SALES 1988

ADI	Sales ($000)	Rank
Los Angeles	3,436,862	1
New York	3,152,749	2
Chicago	1,828,149	3
San Francisco - Oakland - San Jose	1,673,853	4
Philadelphia	1,512,911	5
Boston	1,438,345	6
Washington, D.C	1,263,092	7
Atlanta	1,249,001	8
Dallas - Ft. Worth	1,199,334	9
Detroit	1,042,175	10
Houston	989,696	11
St. Louis	827,876	12
Cleveland	815,433	13
Seattle - Tacoma	812,068	14
Miami	786,950	15
Minneapolis - St. Paul	773,824	16
Sacramento - Stockton	747,706	17
Tampa - St. Petersburg (sarasota)	741,682	18
San Diego	641,383	19
Baltimore	628,688	20
Indianapolis	612,964	21
Hartford - New Haven	603,723	22
Denver	594,295	23
Phoenix	587,210	24
Kansas City	574,717	25
Orlando - Daytona Beach - Melbourne	565,190	26
Pittsburgh	540,276	27
Charlotte	537,145	28
Portland, Ore	510,520	29
Raleigh - Durham	509,350	30
Cincinnati	474,226	31
Louisville	468,741	32
Oklahoma City	455,619	33
Columbus, Ohio	453,381	34
Norfolk - Portsmouth - Newport News - Hampton	446,925	35
Greenville - Spartanburg - Asheville	430,042	36
New Orleans	426,132	37
Greensboro - Winston-Salem - High Point	401,405	38
Milwaukee	400,414	39
Salt Lake City	392,523	40
Nashville	369,006	41
Providence - New Bedford	358,690	42
San Antonio	350,912	43
Memphis	350,438	44
Albuquerque	333,964	45
Jacksonville	325,816	46
Richmond	321,161	47
Dayton	309,993	48
Mobile - Pensacola	306,891	49
Lexington	301,272	50
Wichita - Hutchinson	298,523	51
Birmingham	296,482	52
Harrisburg - York - Lancaster - Lebanon	296,172	53
Charleston - Huntington	296,159	54
Grand Rapids - Kalamazoo - Battle Creek	296,012	55
Buffalo	293,891	56
Knoxville	293,270	57
Tulsa	274,133	58
Fresno - Visalia	264,194	59
Little Rock	262,170	60
West Palm Beach - Ft. Pierce - Veru Beach	250,885	61
Austin, Tex	249,610	62
Portland - Poland Spring	249,022	63
Flint - Saginaw - Bay City	247,962	64
Omaha	238,101	65
Toledo	236,359	66
Palm Springs	233,435	67
Roanoke - Lynchburg	224,524	68
Des Moines	219,459	69
Albany - Schenectady - Troy	216,288	70
Wilkes-Barre - Scranton	210,970	71
Springfield - Decatur - Champaign	200,241	72
Evansville	190,643	73
Columbia, S.C	189,144	74
Davenport - Rock Island - Moline	188,652	75
Chattanooga	183,221	76
Rochester, N.Y	181,469	77
Huntsville - Decatur - Florence	178,988	78
Shreveport - Texarkana	176,561	79
Savannah	175,694	80
Charleston, S.C	174,286	81
Tucson	172,929	82
Paducah - Cape Girardeau - Harrisburg - Marion	172,259	83
Las Vegas	170,698	84
Baton Rouge	165,618	85
South Bend - Elkhart	165,226	86
Spokane	164,873	87
Green Bay - Appleton	162,179	88
Syracuse	161,865	89
Madison	159,365	90
Santa Barbara - Santa Maria - San Luis Obispo	159,093	91
Cedar Rapids - Waterloo - Dubuque	158,087	92
Lincoln - Hastings - Kearney	154,090	93
Springfield, Mo	153,302	94
Bristol - Kingsport - Johnson City	150,493	95
Waco - Temple - Bryan	148,018	96
Salinas - Monterey	144,446	97
Youngstown	143,084	98
Greenville - New Bern - Washington	142,188	99
Springfield, Mass	140,845	100
Jackson, Miss	140,128	101
Lansing	139,774	102
Ft. Myers - Naples	138,112	103
Burlington - Plattsburgh	137,937	104
Corpus Christi	137,220	105
El Paso	136,673	106
Florence, S.C	133,803	107
Colorado Springs - Pueblo	130,398	108
Bakersfield	130,153	109
Montgomery - Selma	129,701	110
Odessa - Midland	121,547	111
Eugene	119,865	112
Ft. Wayne	118,564	113
Macon	116,118	114
Peoria - Bloomington	114,660	115
Topeka	114,519	116
McAllen - Brownsville	113,839	117
Amarillo	112,880	118
Augusta	112,360	119
Johnstown - Altoona	109,315	120
Tallahassee - Thomasville	108,258	121
Columbus, Ga	107,959	122
Wichita Falls - Lawton	102,389	123
Fargo	101,587	124
Sioux Falls - Mitchell	101,489	125
Ft. Smith	100,479	126
Wilmington	100,237	127
Reno	97,540	128
Salisbury	96,979	129
Lafayette, La	94,154	130
Tyler - Longview	92,735	131
Albany, Ga	91,379	132
Erie	89,072	133
Yakima	85,618	134
Boise	84,056	135
Beaumont - Port Arthur	83,958	136
Terre Haute	83,221	137
Rockford	82,316	138
Traverse City - Cadillac	81,759	139
Chico - Redding	80,317	140
Lubbock	77,217	141
Duluth - Superior	76,927	142
Wheeling - Steubenville	75,624	143
Joplin - Pittsburg	73,524	144
Sioux City	72,827	145
La Crosse - Eau Claire	72,506	146
Columbia - Jefferson City	72,379	147
Abilene - Sweetwater	72,002	148
Bangor	71,674	149
Rochester - Mason City - Austin	68,156	150
Bluefield - Beckley - Oak Hill	67,919	151
Medford	67,331	152
Minot - Bismarck - Dickinson	67,329	153
Biloxi - Gulfport - Pascagoula	65,206	154
Binghamton	63,368	155
Dothan	60,579	156
Clarksburg - Weston	59,704	157
Wausau - Rhinelander	58,248	158
Quincy - Hannibal	56,238	159
Utica	55,621	160
Monroe - El Dorado	55,098	161
Columbus - Tupelo	54,775	162
Gainesville	52,932	163
Laurel - Hattiesburg	48,218	164
Panama City	47,892	165
Bowling Green	44,285	166
Idaho Falls - Pocatello	43,832	167
Billings - Hardin	43,766	168
Rapid City	41,088	169
Jonesboro	40,868	170
Tuscaloosa	38,698	171
Greenwood - Greenville	37,898	172
Charlottesville	36,547	173
Missoula	36,386	174
Grand Junction - Durango	36,005	175
San Angelo	35,490	176
Lafayette, Ind	34,960	177
Watertown - Carthage	34,131	178
Lake Charles	33,072	179
Elmira	32,529	180
El Centro - Yuma	32,437	181
Ardmore - Ada	32,233	182
Cheyenne - Scottsbluff	31,989	183
Lima	31,755	184
Laredo	31,523	185
Flagstaff	30,643	186
Meridian	30,353	187
St. Joseph	30,234	188
Eureka	30,191	189
Alexandria, La	28,877	190
Parkersburg	28,796	191
Jackson, Tenn	27,698	192
Great Falls	26,185	193
Harrisonburg	24,702	194
Casper - Riverton	23,240	195
Butte	23,125	196
Anniston	19,164	197
Victoria	16,698	198
Marquette	15,993	199
Zanesville	15,155	200
Bend	15,080	201
Hagerstown	14,982	202
Ottumwa - Kirksville	14,338	203
Presque Isle	12,720	204
North Platte	12,719	205
Mankato	12,599	206
Twin Falls	12,375	207
Helena	9,330	208
Alpena	4,542	209
Total U.S. ADIs	56,345,489	

22ND ANNUAL RGI ADI RANKING

RESTAURANT SALES 1988

ADI	Sales ($000)	Rank
New York	6,601,405	1
Los Angeles	5,244,919	2
Boston	3,028,362	3
San Francisco - Oakland - San Jose	2,853,909	4
Chicago	2,449,528	5
Philadelphia	2,117,597	6
Washington, D.C.	1,536,388	7
Seattle - Tacoma	1,386,123	8
Detroit	1,344,214	9
Miami	1,341,551	10
Minneapolis - St. Paul	1,305,310	11
Dallas - Ft. Worth	1,116,962	12
Houston	1,046,098	13
Denver	1,042,871	14
Tampa - St. Petersburg (sarasota)	997,816	15
Cleveland	987,578	16
San Diego	986,828	17
Atlanta	958,737	18
Hartford - New Haven	958,125	19
Sacramento - Stockton	855,569	20
Phoenix	848,130	21
Portland, Ore	765,553	22
Orlando - Daytona Beach - Melbourne	735,037	23
Pittsburgh	727,867	24
St. Louis	689,099	25
Milwaukee	633,364	26
Baltimore	624,136	27
Providence - New Bedford	580,726	28
Kansas City	538,974	29
West Palm Beach - Ft. Pierce - Vero Beach	526,555	30
Cincinnati	508,860	31
Indianapolis	493,421	32
New Orleans	437,315	33
Norfolk - Portsmouth - Newport News - Hampton	416,194	34
Salt Lake City	410,594	35
Buffalo	400,743	36
Harrisburg - York - Lancaster - Lebanon	400,095	37
Grand Rapids - Kalamazoo - Battle Creek	395,050	38
Portland - Poland Spring	389,408	39
Columbus, Ohio	387,316	40
Albany - Schenectady - Troy	377,819	41
Albuquerque	365,204	42
Nashville	358,190	43
Raleigh - Durham	357,208	44
Oklahoma City	353,453	45
Charlotte	351,776	46
Santa Barbara - Santa Maria - San Luis Obispo	308,998	47
Palm Springs	306,531	48
San Antonio	300,424	49
Rochester, N.Y.	299,871	50
Louisville	296,976	51
Fresno - Visalia	295,564	52
Greensboro - Winston-Salem - High Point	287,329	53
Toledo	282,862	54
Flint - Saginaw - Bay City	282,090	55
Springfield, Mass	275,642	56
Burlington - Plattsburgh	275,122	57
Omaha	274,986	58
Greenville - Spartanburg - Asheville	274,519	59
Jacksonville	269,480	60
Madison	268,813	61
Green Bay - Appleton	266,922	62
Knoxville	252,342	63
Syracuse	251,636	64
Richmond	249,081	65
Dayton	243,715	66
Salinas - Monterey	242,587	67
Wilkes-Barre - Scranton	242,409	68
Wichita - Hutchinson	240,827	69
Las Vegas	237,223	70
Austin, Tex	236,130	71
Des Moines	232,874	72
Spokane	230,944	73
Memphis	227,628	74
Mobile - Pensacola	226,911	75
Springfield - Decatur - Champaign	209,178	76
Tucson	206,070	77
Ft. Myers - Naples	203,218	78
Tulsa	189,484	79
Lexington	183,582	80
Roanoke - Lynchburg	181,617	81
Lincoln - Hastings - Kearney	180,521	82
South Bend - Elkhart	175,606	83
Cedar Rapids - Waterloo - Dubuque	175,261	84
Davenport - Rock Island - Moline	173,025	85
Sioux Falls - Mitchell	169,475	86
Charleston - Huntington	168,199	87
Birmingham	167,604	88
Ft. Wayne	156,670	89
Reno	153,823	90
Little Rock	153,681	91
Colorado Springs - Pueblo	151,506	92
Bakersfield	148,930	93
Fargo	147,055	94
Lansing	145,174	95
Duluth - Superior	139,158	96
Eugene	138,370	97
Yakima	136,675	98
Chattanooga	135,099	99
Shreveport - Texarkana	132,203	100
Youngstown	132,155	101
Columbia, S.C.	131,272	102
Peoria - Bloomington	130,575	103
Waco - Temple - Bryan	130,124	104
Evansville	128,331	105
La Crosse - Eau Claire	127,107	106
Johnstown - Altoona	124,682	107
Savannah	124,372	108
Paducah - Cape Girardeau - Harrisburg - Marion	124,115	109
Salisbury	123,065	110
Springfield, Mo	122,954	111
Chico - Redding	121,628	112
Charleston, S.C.	121,575	113
Wausau - Rhinelander	117,880	114
Florence, S.C.	116,226	115
El Paso	115,682	116
Corpus Christi	112,860	117
Traverse City - Cadillac	112,558	118
Boise	111,771	119
Tallahassee - Thomasville	110,533	120
Odessa - Midland	103,168	121
Rochester - Mason City - Austin	102,522	122
Huntsville - Decatur - Florence	100,937	123
Baton Rouge	97,822	124
Bangor	97,235	125
McAllen - Brownsville	96,613	126
Medford	95,750	127
Amarillo	95,305	128
Minot - Bismarck - Dickinson	93,923	129
Binghamton	93,170	130
Erie	92,677	131
Greenville - New Bern - Washington	92,662	132
Rockford	92,026	133
Jackson, Miss	89,540	134
Topeka	88,219	135
Utica	83,597	136
Sioux City	83,045	137
Wichita Falls - Lawton	80,489	138
Bristol - Kingsport - Johnson City	77,579	139
Tyler - Longview	77,544	140
Grand Junction - Durango	76,936	141
Beaumont - Port Arthur	75,740	142
Macon	73,660	143
Gainesville	72,671	144
Lafayette, La	69,967	145
Terre Haute	67,214	146
Wilmington	67,212	147
Billings - Hardin	67,000	148
Rapid City	66,174	149
Columbia - Jefferson City	65,941	150
Panama City	64,927	151
Montgomery - Selma	64,037	152
Columbus, Ga	62,589	153
Lubbock	62,531	154
Joplin - Pittsburg	62,047	155
Augusta	61,361	156
Missoula	60,240	157
Wheeling - Steubenville	59,219	158
Abilene - Sweetwater	58,659	159
Idaho Falls - Pocatello	58,638	160
Ft. Smith	58,262	161
Albany, Ga	54,346	162
Elmira	50,174	163
Quincy - Hannibal	48,904	164
El Centro - Yuma	47,690	165
Eureka	47,363	166
Watertown - Carthage	46,659	167
Flagstaff	42,800	168
Bluefield - Beckley - Oak Hill	41,832	169
Biloxi - Gulfport - Pascagoula	41,786	170
Great Falls	41,272	171
Cheyenne - Scottsbluff	40,337	172
Butte	38,275	173
Monroe - El Dorado	37,663	174
Clarksburg - Weston	36,327	175
Charlottesville	33,102	176
Lima	31,511	177
Dothan	31,446	178
San Angelo	30,749	179
Columbus - Tupelo	30,534	180
Lafayette, Ind	29,900	181
Casper - Riverton	29,235	182
Laredo	28,062	183
St. Joseph	27,892	184
Laurel - Hattiesburg	27,099	185
Lake Charles	26,538	186
Jackson, Tenn	22,528	187
Marquette	22,419	188
Ardmore - Ada	22,389	189
Alexandria, La	21,961	190
Bowling Green	21,438	191
Greenwood - Greenville	21,288	192
Mankato	20,862	193
Bend	20,786	194
Jonesboro	20,357	195
Tuscaloosa	20,206	196
Parkersburg	18,461	197
Presque Isle	17,266	198
Twin Falls	16,578	199
Harrisonburg	16,577	200
Meridian	16,392	201
North Platte	15,465	202
Helena	15,450	203
Hagerstown	15,144	204
Victoria	14,986	205
Ottumwa - Kirksville	14,119	206
Zanesville	12,685	207
Anniston	10,006	208
Alpena	6,251	209
Total U.S. ADIs	70,027,020	

RAI 1988

ADI	RAI	Rank
Salisbury	154	1
Biloxi - Gulfport - Pascagoula	146	2
Boston	142	3
Lafayette, Ind	138	4
San Francisco - Oakland - San Jose	135	5
Los Angeles	133	6
San Diego	131	7
Grand Junction - Durango	126	8
Salinas - Monterey	126	8
Portland, Ore	124	10
Flagstaff	122	11
North Platte	122	11
Santa Barbara - Santa Maria - San Luis Obispo	122	11
Miami	121	14
Washington, D.C	121	14
Atlanta	120	16
Panama City	118	17
Cheyenne - Scottsbluff	117	18
Hartford - New Haven	117	18
Bowling Green	115	20
Denver	115	20
Minneapolis - St. Paul	115	20
Seattle - Tacoma	115	20
Kansas City	114	24
Baltimore	113	25
Albuquerque	112	26
Lima	112	26
Portland - Poland Spring	112	26
Chicago	111	29
Norfolk - Portsmouth - Newport News - Hampton	111	29
Las Vegas	110	31
Lexington	110	31
Lincoln - Hastings - Kearney	110	31
Florence, S.C	109	34
Louisville	109	34
St. Louis	109	34
Indianapolis	107	37
Detroit	106	38
Omaha	106	38
Parkersburg	106	38
Springfield, Mass	106	38
Colorado Springs - Pueblo	104	42
Grand Rapids - Kalamazoo - Battle Creek	104	42
Greensboro - Winston-Salem - High Point	103	44
Orlando - Daytona Beach - Melbourne	103	44
Eugene	102	46
Jacksonville	102	46
Knoxville	102	46
Sacramento - Stockton	102	46
Columbus, Ohio	100	50
Madison	100	50
Charleston, S.C	99	52
El Paso	99	52
New York	99	52
Topeka	99	52
Cincinnati	98	56
Rapid City	98	56
Reno	98	56
Bend	97	59
Boise	97	59
Fargo	97	59
Providence - New Bedford	97	59
Ft. Wayne	96	63
Lansing	96	63
Raleigh - Durham	96	63
Wichita - Hutchinson	96	63
Huntsville - Decatur - Florence	95	67
Oklahoma City	95	67
South Bend - Elkhart	95	67
Toledo	95	67
West Palm Beach - Ft. Pierce - Vero Beach	95	67
Austin, Tex	94	72
Cleveland	94	72
Flint - Saginaw - Bay City	94	72
Nashville	94	72
Columbia, S.C	93	76
Mobile - Pensacola	93	76
Salt Lake City	93	76
Savannah	93	76
Butte	92	80
Dallas - Ft. Worth	92	80
Erie	92	80
Houston	92	80
Peoria - Bloomington	92	80
Philadelphia	92	80
Phoenix	92	80
Springfield - Decatur - Champaign	91	87
Tucson	91	87
Bangor	90	89
Charlottesville	90	89
Davenport - Rock Island - Moline	90	89
Gainesville	90	89
New Orleans	90	89
Tampa - St. Petersburg (sarasota)	90	89
Burlington - Plattsburgh	89	95
Montgomery - Selma	89	95
Palm Springs	89	95
Sioux Falls - Mitchell	89	95
Bakersfield	88	99
Cedar Rapids - Waterloo - Dubuque	88	99
Columbia - Jefferson City	88	99
Dayton	88	99
Medford	88	99
Green Bay - Appleton	87	104
Memphis	87	104
Tulsa	87	104
Columbus, Ga	86	107
Duluth - Superior	86	107
Wilmington	86	107
Mankato	85	110
Missoula	85	110
Rochester, N.Y	85	110
Rockford	85	110
Youngstown	85	110
Billings - Hardin	84	115
Birmingham	84	115
Fresno - Visalia	84	115
Joplin - Pittsburg	84	115
Milwaukee	84	115
Tuscaloosa	84	115
Greenville - New Bern - Washington	83	121
Pittsburgh	83	121
Rochester - Mason City - Austin	83	121
Springfield, Mo	83	121
Tallahassee - Thomasville	83	121
Waco - Temple - Bryan	83	121
Yakima	83	121
Casper - Riverton	82	128
Dothan	82	128
Evansville	82	128
Ft. Myers - Naples	82	128
Jackson, Tenn	82	128
La Crosse - Eau Claire	82	128
Richmond	82	128
Traverse City - Cadillac	82	128
Twin Falls	82	128
Wichita Falls - Lawton	82	128
Des Moines	81	138
Great Falls	81	138
Minot - Bismarck - Dickinson	81	138
Ottumwa - Kirksville	81	138
Roanoke - Lynchburg	81	138
St. Joseph	81	138
Spokane	81	138
Zanesville	81	138
Anniston	79	146
Charlotte	79	146
Chico - Redding	79	146
Elmira	79	146
Harrisburg - York - Lancaster - Lebanon	79	146
Harrisonburg	79	146
Greenville - Spartanburg - Asheville	78	152
Sioux City	78	152
Syracuse	77	154
Buffalo	76	155
Corpus Christi	76	155
Idaho Falls - Pocatello	76	155
Macon	76	155
San Angelo	75	159
Charleston - Huntington	74	160
Helena	74	160
Jackson, Miss	74	160
Terre Haute	74	160
Albany, Ga	73	164
Paducah - Cape Girardeau - Harrisburg - Marion	73	164
Chattanooga	72	166
Lubbock	72	166
Odessa - Midland	72	166
Jonesboro	71	169
San Antonio	71	169
Watertown - Carthage	71	169
Wausau - Rhinelander	71	169
Wilkes-Barre - Scranton	71	169
Amarillo	70	174
Augusta	70	174
Bristol - Kingsport - Johnson City	70	174
Eureka	70	174
Ft. Smith	70	174
Laurel - Hattiesburg	70	174
Utica	70	174
Wheeling - Steubenville	70	174
Albany - Schenectady - Troy	69	182
Quincy - Hannibal	69	182
Abilene - Sweetwater	68	184
Ardmore - Ada	67	185
Baton Rouge	67	185
Lafayette, La	67	185
Little Rock	67	185
Johnstown - Altoona	66	189
Victoria	66	189
Hagerstown	65	191
McAllen - Brownsville	65	191
Presque Isle	65	191
Tyler - Longview	65	191
Beaumont - Port Arthur	63	195
Binghamton	63	195
Clarksburg - Weston	63	195
Greenwood - Greenville	63	195
Meridian	62	199
Alpena	61	200
El Centro - Yuma	60	201
Shreveport - Texarkana	59	202
Laredo	58	203
Alexandria, La	55	204
Bluefield - Beckley - Oak Hill	54	205
Marquette	52	206
Lake Charles	50	207
Monroe - El Dorado	48	208
Columbus - Tupelo	46	209
Total U.S. ADIs	100	

RGI 1988

ADI	RGI	Rank
Las Vegas	543	1
Reno	340	2
Philadelphia	140	3
Orlando - Daytona Beach - Melbourne	127	4
Charleston, S.C.	126	5
Flagstaff	126	5
Washington, D.C.	125	7
Jacksonville	117	8
Augusta	115	9
Louisville	114	10
Grand Junction - Durango	113	11
Houston	113	11
Tallahassee - Thomasville	113	11
Baltimore	112	14
Baton Rouge	112	14
Harrisburg - York - Lancaster - Lebanon	112	14
Montgomery - Selma	111	17
Lexington	110	18
Minneapolis - St. Paul	110	18
Bowling Green	109	20
Memphis	109	20
Phoenix	109	20
Roanoke - Lynchburg	109	20
Savannah	109	20
Atlanta	108	25
Boston	108	25
Richmond	108	25
Chicago	107	28
Lansing	107	28
Los Angeles	107	28
San Diego	107	28
Bristol - Kingsport - Johnson City	106	32
Dallas - Ft. Worth	106	32
Kansas City	106	32
Miami	106	32
Salt Lake City	106	32
Columbia, S.C.	105	37
Jackson, Miss.	105	37
Lake Charles	105	37
New Orleans	105	37
New York	105	37
Bluefield - Beckley - Oak Hill	104	42
Hagerstown	104	42
Laredo	104	42
West Palm Beach - Ft. Pierce - Vero Beach	104	42
Charlotte	103	46
Harrisonburg	103	46
Macon	103	46
Nashville	103	46
St. Louis	103	46
Norfolk - Portsmouth - Newport News - Hampton	102	51
Beaumont - Port Arthur	101	52
Detroit	101	52
Greensboro - Winston-Salem - High Point	101	52
Rochester, N.Y.	101	52
San Francisco - Oakland - San Jose	101	52
Anniston	100	57
Boise	100	57
Florence, S.C.	100	57
Milwaukee	100	57
Albany, Ga.	99	61
Charlottesville	99	61
Grand Rapids - Kalamazoo - Battle Creek	99	61
Hartford - New Haven	99	61
Meridian	99	61
Mobile - Pensacola	99	61
Parkersburg	99	61
Cincinnati	98	68
Columbus, Ohio	98	68
Knoxville	98	68
Palm Springs	98	68
Raleigh - Durham	98	68
Binghamton	97	73
Birmingham	97	73
Dothan	97	73
Evansville	97	73
Lafayette, Ind.	97	73
Huntsville - Decatur - Florence	96	78
Omaha	96	78
Springfield - Decatur - Champaign	96	78
Peoria - Bloomington	95	81
Tampa - St. Petersburg (sarasota)	95	81
Burlington - Plattsburgh	94	83
El Paso	94	83
North Platte	94	83
Alexandria, La.	93	86
Denver	93	86
Seattle - Tacoma	93	86
Chattanooga	92	89
Greenville - Spartanburg - Asheville	92	89
Indianapolis	92	89
Lafayette, La.	92	89
Biloxi - Gulfport - Pascagoula	91	93
Casper - Riverton	91	93
Cleveland	91	93
Flint - Saginaw - Bay City	91	93
Gainesville	91	93
Madison	91	93
Pittsburgh	91	93
Twin Falls	91	93
Columbus, Ga.	90	101
Springfield, Mass.	90	101
Bakersfield	89	103
Charleston - Huntington	89	103
Cheyenne - Scottsbluff	89	103
Helena	89	103
Portland - Poland Spring	89	103
Dayton	88	108
Erie	88	108
Ft. Wayne	88	108
Idaho Falls - Pocatello	88	108
Rockford	88	108
Tucson	88	108
Little Rock	87	114
Salinas - Monterey	87	114
Syracuse	87	114
Albuquerque	86	117
Columbus - Tupelo	86	117
Elmira	86	117
Portland, Ore.	86	117
Tuscaloosa	86	117
Jackson, Tenn.	85	122
Rochester - Mason City - Austin	85	122
St. Joseph	85	122
Colorado Springs - Pueblo	84	125
Ft. Myers - Naples	84	125
Fresno - Visalia	84	125
Green Bay - Appleton	84	125
McAllen - Brownsville	84	125
Providence - New Bedford	84	125
Santa Barbara - Santa Maria - San Luis Obispo	84	125
Yakima	84	125
Albany - Schenectady - Troy	83	133
Des Moines	83	133
Lincoln - Hastings - Kearney	83	133
Shreveport - Texarkana	83	133
Minot - Bismarck - Dickinson	82	137
Presque Isle	82	137
Salisbury	82	137
Topeka	82	137
Cedar Rapids - Waterloo - Dubuque	81	141
Columbia - Jefferson City	81	141
Greenville - New Bern - Washington	81	141
Sacramento - Stockton	81	141
San Antonio	81	141
Toledo	81	141
Austin, Tex.	80	147
Greenwood - Greenville	80	147
Lima	80	147
Monroe - El Dorado	79	150
Spokane	79	150
Wilmington	79	150
Billings - Hardin	78	153
Davenport - Rock Island - Moline	78	153
La Crosse - Eau Claire	78	153
Waco - Temple - Bryan	78	153
Wheeling - Steubenville	78	153
Buffalo	77	158
Wilkes-Barre - Scranton	77	158
Youngstown	77	158
Corpus Christi	76	161
Johnstown - Altoona	76	161
Panama City	76	161
South Bend - Elkhart	76	161
Terre Haute	76	161
El Centro - Yuma	75	166
Laurel - Hattiesburg	75	166
Bangor	74	168
Rapid City	74	168
Tulsa	74	168
Clarksburg - Weston	73	171
Jonesboro	73	171
Odessa - Midland	73	171
Wausau - Rhinelander	73	171
Wichita - Hutchinson	72	175
Duluth - Superior	71	176
Fargo	71	176
Paducah - Cape Girardeau - Harrisburg - Marion	71	176
Springfield, Mo.	71	176
Butte	70	180
Chico - Redding	70	180
Lubbock	70	180
Sioux Falls - Mitchell	70	180
Eugene	69	184
Eureka	69	184
Utica	69	184
Victoria	69	184
Ft. Smith	68	188
Mankato	68	188
Wichita Falls - Lawton	68	188
Oklahoma City	66	191
Quincy - Hannibal	66	191
San Angelo	66	191
Tyler - Longview	66	191
Watertown - Carthage	66	191
Great Falls	65	196
Zanesville	65	196
Bend	64	198
Sioux City	64	198
Traverse City - Cadillac	64	198
Ottumwa - Kirksville	63	201
Amarillo	62	202
Ardmore - Ada	62	202
Marquette	62	202
Medford	61	205
Missoula	61	205
Alpena	60	207
Abilene - Sweetwater	59	208
Joplin - Pittsburg	56	209
Total U.S. ADIs	100	

POPULATION PER UNIT 1988

ADI	Pop. Per Unit	Rank
Alexandria, La	1,347	1
Bluefield - Beckley - Oak Hill	1,321	2
Laredo	1,276	3
Montgomery - Selma	1,269	4
Meridian	1,261	5
Augusta	1,245	6
McAllen - Brownsville	1,242	7
Bristol - Kingsport - Johnson City	1,233	8
Anniston	1,228	9
Lake Charles	1,227	10
Dothan	1,200	11
Columbus - Tupelo	1,175	12
Monroe - El Dorado	1,171	13
Greenwood - Greenville	1,166	14
Baton Rouge	1,163	15
Bowling Green	1,159	16
Jackson, Miss	1,155	17
Charleston - Huntington	1,150	18
Charleston, S.C.	1,139	19
Lexington	1,130	20
Lafayette, La	1,111	21
Birmingham	1,109	22
Louisville	1,105	23
Beaumont - Port Arthur	1,095	24
Shreveport - Texarkana	1,094	25
El Paso	1,083	26
Memphis	1,083	26
Albany, Ga	1,078	28
Columbus, Ga	1,073	29
Twin Falls	1,057	30
Huntsville - Decatur - Florence	1,040	31
Tallahassee - Thomasville	1,038	32
Columbia, S.C.	1,037	33
Macon	1,034	34
Lansing	1,022	35
Palm Springs	1,019	36
Flint - Saginaw - Bay City	1,016	37
Mobile - Pensacola	994	38
Jonesboro	991	39
Binghamton	983	40
Jackson, Tenn	980	41
Grand Rapids - Kalamazoo - Battle Creek	978	42
Waco - Temple - Bryan	978	42
Johnstown - Altoona	976	44
Evansville	975	45
Nashville	974	46
Idaho Falls - Pocatello	972	47
Roanoke - Lynchburg	967	48
Salt Lake City	963	49
Parkersburg	958	50
Hagerstown	957	51
Savannah	957	51
Greenville - New Bern - Washington	954	53
Baltimore	953	54
Clarksburg - Weston	950	55
Wheeling - Steubenville	948	56
Little Rock	945	57
Pittsburgh	945	57
Laurel - Hattiesburg	942	59
St. Louis	938	60
Tuscaloosa	933	61
Chattanooga	932	62
Terre Haute	932	62
Paducah - Cape Girardeau - Harrisburg - Marion	926	64
Presque Isle	926	64
Harrisburg - York - Lancaster - Lebanon	924	66
Detroit	922	67
Philadelphia	921	68
New Orleans	920	69
Harrisonburg	919	70
Fresno - Visalia	917	71
Jacksonville	916	72
Springfield - Decatur - Champaign	915	73
Erie	911	74
Elmira	910	75
Richmond	910	75
Las Vegas	903	77
Bakersfield	902	78
Kansas City	901	79
Houston	900	80
Minneapolis - St. Paul	900	80
Chicago	896	82
Greenville - Spartanburg - Asheville	895	83
Marquette	894	84
Raleigh - Durham	893	85
Youngstown	891	86
Charlotte	890	87
Cincinnati	890	87
Knoxville	890	87
Ardmore - Ada	889	90
Wilkes-Barre - Scranton	889	90
Columbia - Jefferson City	887	92
St. Joseph	887	92
Peoria - Bloomington	886	94
Greensboro - Winston-Salem - High Point	885	95
Phoenix	884	96
Omaha	883	97
Cleveland	881	98
Columbus, Ohio	878	99
Norfolk - Portsmouth - Newport News - Hampton	867	100
Milwaukee	866	101
Tucson	866	101
Wilmington	866	101
Dayton	865	104
Rockford	863	105
Quincy - Hannibal	861	106
New York	860	107
Los Angeles	854	108
Rochester, N.Y.	854	108
Tampa - St. Petersburg (sarasota)	854	108
Ft. Wayne	853	111
Washington, D.C.	852	112
Boise	851	113
Ft. Smith	849	114
San Antonio	848	115
Cedar Rapids - Waterloo - Dubuque	837	116
El Centro - Yuma	836	117
Ottumwa - Kirksville	836	117
Yakima	836	117
Spokane	834	120
Indianapolis	830	121
Lafayette, Ind	830	121
Orlando - Daytona Beach - Melbourne	829	123
Tyler - Longview	829	123
Green Bay - Appleton	827	125
San Diego	827	125
West Palm Beach - Ft. Pierce - Vero Beach	827	125
Toledo	826	128
Wichita Falls - Lawton	825	129
La Crosse - Eau Claire	824	130
Lubbock	824	130
Albuquerque	823	132
Victoria	822	133
Davenport - Rock Island - Moline	820	134
Springfield, Mass	819	135
Colorado Springs - Pueblo	817	136
Minot - Bismarck - Dickinson	812	137
Corpus Christi	809	138
Dallas - Ft. Worth	808	139
Atlanta	806	140
Biloxi - Gulfport - Pascagoula	802	141
Rochester - Mason City - Austin	802	141
Tulsa	802	141
Abilene - Sweetwater	799	144
Des Moines	797	145
Springfield, Mo	797	145
Syracuse	796	147
Wausau - Rhinelander	794	148
Zanesville	794	148
Fargo	793	150
Sacramento - Stockton	793	150
Lincoln - Hastings - Kearney	789	152
Ft. Myers - Naples	787	153
South Bend - Elkhart	784	154
Topeka	780	155
Watertown - Carthage	780	155
Hartford - New Haven	777	157
Buffalo	772	158
Gainesville	768	159
Madison	767	160
Reno	767	160
Alpena	765	162
Seattle - Tacoma	760	163
Utica	760	163
Cheyenne - Scottsbluff	758	165
Odessa - Midland	758	165
Providence - New Bedford	757	167
San Angelo	757	167
Sioux City	757	167
Helena	755	170
Casper - Riverton	747	171
North Platte	747	171
Rapid City	746	173
Duluth - Superior	742	174
Lima	742	174
Sioux Falls - Mitchell	742	174
Burlington - Plattsburgh	741	177
Chico - Redding	741	177
Miami	736	179
Boston	734	180
Portland, Ore	732	181
Grand Junction - Durango	731	182
Bangor	723	183
Albany - Schenectady - Troy	716	184
Mankato	711	185
Amarillo	702	186
Austin, Tex	700	187
Denver	698	188
Florence, S.C.	694	189
Panama City	687	190
Joplin - Pittsburg	685	191
Medford	682	192
Salinas - Monterey	681	193
Eugene	677	194
Wichita - Hutchinson	676	195
Portland - Poland Spring	675	196
San Francisco - Oakland - San Jose	666	197
Oklahoma City	665	198
Billings - Hardin	649	199
Traverse City - Cadillac	645	200
Charlottesville	644	201
Great Falls	634	202
Santa Barbara - Santa Maria - San Luis Obispo	627	203
Flagstaff	623	204
Bend	600	205
Missoula	600	205
Butte	597	207
Eureka	584	208
Salisbury	562	209
Total U.S. ADIs	858	

22ND ANNUAL RGI ADI RANKING

PER CAPITA EATING PLACE SALES 1988

ADI	Per Capita Sales	Rank
Boston	987	1
Salisbury	970	2
San Francisco - Oakland - San Jose	916	3
Santa Barbara - Santa Maria - San Luis Obispo	896	4
Flagstaff	861	5
Portland - Poland Spring	818	6
Miami	807	7
Washington, D C	784	8
Charlottesville	777	9
Hartford - New Haven	776	10
San Diego	770	11
Seattle - Tacoma	767	12
Las Vegas	766	13
Los Angeles	758	14
Springfield, Mass	735	15
West Palm Beach - Ft. Pierce - Vero Beach	730	16
Cheyenne - Scottsbluff	723	17
Providence - New Bedford	723	17
Denver	718	19
Atlanta	717	20
Grand Junction - Durango	705	21
Orlando - Daytona Beach - Melbourne	697	22
Florence, S C	684	23
Reno	676	24
Portland, Ore	675	25
New York	673	26
Odessa - Midland	669	27
Biloxi - Gulfport - Pascagoula	668	28
Burlington - Plattsburgh	665	29
Minneapolis - St. Paul	662	30
Phoenix	661	31
Salinas - Monterey	656	32
New Orleans	655	33
North Platte	653	34
Ft. Myers - Naples	651	35
Tampa - St. Petersburg (sarasota)	647	36
Madison	645	37
Lima	633	38
Gainesville	632	39
Kansas City	632	39
Houston	629	41
Baltimore	624	42
Dallas - Ft. Worth	623	43
Greensboro - Winston-Salem - High Point	619	44
Oklahoma City	617	45
Austin, Tex.	614	46
Philadelphia	614	46
Rochester, N Y	612	48
Panama City	604	49
Omaha	603	50
Sacramento - Stockton	603	50
Detroit	598	52
Lafayette, Ind	598	52
Bangor	595	54
Bowling Green	593	55
San Angelo	593	55
Norfolk - Portsmouth - Newport News - Hampton	590	57
Eureka	589	58
St. Louis	589	58
Chicago	585	60
Mankato	583	61
Charleston, S C	581	62
Bakersfield	580	63
Knoxville	580	63
Louisville	579	65
Parkersburg	578	66
Cincinnati	572	67
Palm Springs	572	67
Milwaukee	571	69
Eugene	567	70
Lincoln - Hastings - Kearney	564	71
Indianapolis	561	72
Topeka	560	73
Chico - Redding	554	74
Tucson	553	75
Helena	548	76
Wichita - Hutchinson	547	77
Albuquerque	546	78
Jacksonville	545	79
Lexington	544	80
Bend	543	81
Laredo	543	81
Harrisburg - York - Lancaster - Lebanon	541	83
Toledo	540	84
Cleveland	538	85
Billings - Hardin	536	86
Columbus, Ohio	536	86
Corpus Christi	536	86
Richmond	535	89
St. Joseph	533	90
Des Moines	532	91
Springfield - Decatur - Champaign	527	92
Albany - Schenectady - Troy	526	93
Colorado Springs - Pueblo	526	93
Savannah	525	95
Raleigh - Durham	524	96
Charlotte	516	97
Duluth - Superior	516	97
Syracuse	513	99
Rochester - Mason City - Austin	512	100
Butte	511	101
Buffalo	509	102
Yakima	509	102
Casper - Riverton	507	104
Missoula	507	104
Boise	505	106
Evansville	505	106
Lansing	505	106
Erie	503	109
Spokane	501	110
Rapid City	500	111
Pittsburgh	499	112
Victoria	499	112
Medford	498	114
Mobile - Pensacola	493	115
Davenport - Rock Island - Moline	490	116
San Antonio	487	117
Abilene - Sweetwater	486	118
Traverse City - Cadillac	486	118
Peoria - Bloomington	484	120
Wichita Falls - Lawton	483	121
Waco - Temple - Bryan	482	122
Dayton	480	123
Amarillo	479	124
Ft. Wayne	479	124
La Crosse - Eau Claire	479	124
Harrisonburg	477	127
Wilmington	476	128
South Bend - Elkhart	475	129
Flint - Saginaw - Bay City	474	130
Greenville - Spartanburg - Asheville	472	131
Salt Lake City	472	131
Sioux Falls - Mitchell	471	133
Tallahassee - Thomasville	470	134
Grand Rapids - Kalamazoo - Battle Creek	468	135
Roanoke - Lynchburg	468	135
Rockford	467	137
Tuscaloosa	464	138
Green Bay - Appleton	463	139
Tulsa	463	139
Fresno - Visalia	459	141
Cedar Rapids - Waterloo - Dubuque	454	142
Fargo	452	143
Columbia, S C	450	144
Chattanooga	446	145
Utica	444	146
Baton Rouge	436	147
Minot - Bismarck - Dickinson	434	148
Nashville	434	148
Wilkes-Barre - Scranton	434	148
Macon	430	151
Elmira	429	152
Wausau - Rhinelander	427	153
Tyler - Longview	426	154
Youngstown	426	154
Lubbock	424	156
Columbia - Jefferson City	423	157
Lafayette, La	422	158
Ottumwa - Kirksville	421	159
Sioux City	421	159
El Paso	419	161
Joplin - Pittsburg	418	162
El Centro - Yuma	417	163
Great Falls	416	164
Greenville - New Bern - Washington	413	165
Beaumont - Port Arthur	412	166
Binghamton	406	167
Albany, Ga	405	168
Springfield, Mo	404	169
Memphis	400	170
Birmingham	395	171
Terre Haute	394	172
Huntsville - Decatur - Florence	392	173
Watertown - Carthage	392	173
Presque Isle	390	175
Zanesville	387	176
McAllen - Brownsville	380	177
Paducah - Cape Girardeau - Harrisburg - Marion	379	178
Columbus, Ga	375	179
Little Rock	374	180
Lake Charles	373	181
Wheeling - Steubenville	371	182
Charleston - Huntington	369	183
Clarksburg - Weston	366	184
Twin Falls	366	184
Montgomery - Selma	363	186
Jackson, Tenn	361	187
Quincy - Hannibal	360	188
Idaho Falls - Pocatello	354	189
Johnstown - Altoona	354	189
Augusta	353	191
Dothan	353	191
Laurel - Hattiesburg	350	193
Jonesboro	348	194
Bristol - Kingsport - Johnson City	343	195
Ft. Smith	342	196
Ardmore - Ada	326	197
Jackson, Miss	323	198
Shreveport - Texarkana	322	199
Hagerstown	318	200
Bluefield - Beckley - Oak Hill	299	201
Meridian	290	202
Alexandria, La	278	203
Alpena	277	204
Greenwood - Greenville	274	205
Anniston	270	206
Marquette	266	207
Monroe - El Dorado	252	208
Columbus - Tupelo	215	209
Total U S ADIs	600	

22ND ANNUAL RGI ADI RANKING

PER CAPITA FAST FOOD SALES 1988

ADI	Per Capita Sales	Rank
Salisbury	393	1
Bowling Green	368	2
Biloxi - Gulfport - Pascagoula	357	3
Charlottesville	348	4
Atlanta	343	5
Flagstaff	326	6
Florence, S C	315	7
Louisville	315	7
Parkersburg	313	9
Odessa - Midland	308	10
Lexington	302	11
Greensboro - Winston-Salem - High Point	301	12
San Francisco - Oakland - San Jose	296	13
Oklahoma City	291	14
Kansas City	289	15
Santa Barbara - Santa Maria - San Luis Obispo	287	16
Portland - Poland Spring	286	17
Cheyenne - Scottsbluff	283	18
Lafayette, Ind	283	18
Topeka	283	18
Washington, D C	281	21
Charlotte	280	22
Lima	280	22
Knoxville	276	24
Austin, Tex	274	25
Charleston, S C	273	26
Raleigh - Durham	273	26
Norfolk - Portsmouth - Newport News - Hampton	272	28
Evansville	271	29
St. Louis	271	29
Savannah	270	31
San Diego	269	32
Orlando - Daytona Beach - Melbourne	268	33
San Angelo	268	33
Indianapolis	267	35
Dallas - Ft Worth	266	36
Jacksonville	266	36
Los Angeles	266	36
North Platte	266	36
Wichita - Hutchinson	266	36
Tuscaloosa	263	41
Richmond	262	42
Corpus Christi	261	43
Sacramento - Stockton	261	43
Boston	258	45
Las Vegas	258	45
Greenville - Spartanburg - Asheville	255	47
Omaha	255	47
Wilmington	255	47
Columbus, Ohio	253	50
Bakersfield	251	51
Houston	251	51
Miami	251	51
Baltimore	248	54
Hartford - New Haven	248	54
Seattle - Tacoma	247	56
Eugene	244	57
Ft Myers - Naples	244	57
Portland, Ore	243	59
Mobile - Pensacola	241	60
New Orleans	241	60
Laredo	240	62
St Joseph	240	62
Tampa - St Petersburg (sarasota)	240	62
Cincinnati	238	65
Harrisonburg	238	65
Providence - New Bedford	238	65
Palm Springs	236	68
Dayton	235	69
Lincoln - Hastings - Kearney	235	69
Reno	235	69
Chattanooga	233	72
Gainesville	233	72
Macon	233	72
Phoenix	233	72
Salinas - Monterey	233	72
Abilene - Sweetwater	232	77
Albuquerque	231	78
Wichita Falls - Lawton	230	79
Tulsa	229	80
Albany, Ga	228	81
Columbia, S C	228	81
Greenville - New Bern - Washington	228	81
Davenport - Rock Island - Moline	227	84
Des Moines	227	84
Springfield - Decatur - Champaign	227	84
Amarillo	226	87
Madison	226	87
Bangor	225	89
Panama City	225	89
Denver	223	91
Detroit	223	91
Huntsville - Decatur - Florence	222	93
Eureka	221	94
Lansing	221	94
Baton Rouge	220	96
Roanoke - Lynchburg	220	96
Tucson	220	96
Victoria	219	99
Minneapolis - St Paul	218	100
Birmingham	215	101
Waco - Temple - Bryan	215	101
Cleveland	214	103
Montgomery - Selma	214	103
Toledo	214	103
Chicago	213	106
Springfield, Mass	213	106
West Palm Beach - Ft Pierce - Vero Beach	213	106
Bend	211	109
Dothan	211	109
Erie	211	109
Columbus, Ga	210	112
Charleston - Huntington	209	113
Little Rock	209	113
Memphis	209	113
Philadelphia	209	113
San Antonio	209	113
Colorado Springs - Pueblo	208	118
Jonesboro	208	118
Salt Lake City	208	118
Fresno - Visalia	207	121
Tallahassee - Thomasville	207	121
Grand Junction - Durango	206	123
South Bend - Elkhart	206	123
Clarksburg - Weston	205	125
Peoria - Bloomington	205	125
Casper - Riverton	202	127
Harrisburg - York - Lancaster - Lebanon	201	128
Chico - Redding	200	129
Paducah - Cape Girardeau - Harrisburg - Marion	200	129
Mankato	199	131
Joplin - Pittsburg	198	132
Milwaukee	198	132
Rockford	198	132
Tyler - Longview	198	132
Billings - Hardin	197	136
Lubbock	197	136
Boise	196	138
Flint - Saginaw - Bay City	196	138
Columbia - Jefferson City	195	140
Springfield, Mo	195	140
Terre Haute	195	140
Bristol - Kingsport - Johnson City	194	143
Nashville	194	143
Cedar Rapids - Waterloo - Dubuque	193	145
Ft Smith	193	145
Helena	193	145
Spokane	193	145
Laurel - Hattiesburg	192	149
Youngstown	192	149
Burlington - Plattsburgh	191	151
El Paso	191	151
Ottumwa - Kirksville	191	151
Rochester, N Y	191	151
Augusta	190	155
Medford	189	156
Traverse City - Cadillac	189	156
Ft Wayne	186	158
Rochester - Mason City - Austin	185	159
Beaumont - Port Arthur	183	160
Wheeling - Steubenville	183	160
Butte	181	162
Jackson, Tenn	180	163
Missoula	179	164
Yakima	179	164
Zanesville	178	166
Pittsburgh	177	167
Sioux City	177	167
Buffalo	175	169
Quincy - Hannibal	175	169
Rapid City	174	171
Grand Rapids - Kalamazoo - Battle Creek	173	172
Duluth - Superior	171	173
Fargo	171	173
Syracuse	171	173
Jackson, Miss	169	176
New York	169	176
Minot - Bismarck - Dickinson	167	178
Albany - Schenectady - Troy	165	179
Bluefield - Beckley - Oak Hill	165	179
Lafayette, La	165	179
Ardmore - Ada	164	182
Meridian	164	182
McAllen - Brownsville	163	184
Wilkes-Barre - Scranton	163	184
Sioux Falls - Mitchell	162	186
La Crosse - Eau Claire	159	187
Shreveport - Texarkana	159	187
Green Bay - Appleton	158	189
El Centro - Yuma	157	190
Anniston	153	191
Lake Charles	153	191
Great Falls	151	193
Greenwood - Greenville	150	194
Presque Isle	148	195
Binghamton	146	196
Twin Falls	145	197
Utica	145	197
Watertown - Carthage	143	199
Johnstown - Altoona	141	200
Idaho Falls - Pocatello	140	201
Elmira	138	202
Wausau - Rhinelander	131	203
Hagerstown	129	204
Columbus - Tupelo	119	205
Alexandria, La	110	206
Alpena	108	207
Monroe - El Dorado	106	208
Marquette	102	209
Total U S ADIs	229	

22ND ANNUAL RGI ADI RANKING

PER CAPITA RESTAURANT SALES 1988

ADI	Per Capita Sales	Rank
Santa Barbara - Santa Maria - San Luis Obispo	557	1
Boston	542	2
San Francisco - Oakland - San Jose	504	3
Salisbury	498	4
Flagstaff	455	5
Portland - Poland Spring	448	6
West Palm Beach - Ft. Pierce - Vero Beach	446	7
Grand Junction - Durango	440	8
Miami	427	9
Seattle - Tacoma	422	10
Springfield, Mass.	418	11
San Diego	414	12
Los Angeles	405	13
Hartford - New Haven	393	14
Denver	392	15
Salinas - Monterey	391	16
Providence - New Bedford	385	17
Burlington - Plattsburgh	381	18
Madison	381	18
Reno	371	20
Minneapolis - St. Paul	368	21
Portland, Ore.	364	22
Ft. Myers - Naples	359	23
Las Vegas	359	23
Cheyenne - Scottsbluff	357	25
New York	353	26
Orlando - Daytona Beach - Melbourne	348	27
Eureka	347	28
Washington, D.C.	342	29
Phoenix	337	30
Mankato	330	31
North Platte	324	32
Tampa - St. Petersburg (sarasota)	323	33
Gainesville	320	34
Helena	320	34
Charlottesville	315	36
Rochester, N.Y.	315	36
Milwaukee	313	38
Palm Springs	310	39
Duluth - Superior	308	40
Bangor	306	41
Panama City	306	41
Chico - Redding	303	43
Billings - Hardin	302	44
Butte	299	45
Sacramento - Stockton	299	45
Missoula	296	47
Omaha	294	48
Philadelphia	292	49
Bend	291	50
Albany - Schenectady - Troy	289	51
Detroit	288	52
Bakersfield	287	53
Chicago	286	54
Yakima	285	55
Eugene	282	56
Rapid City	281	57
La Crosse - Eau Claire	279	58
Rochester - Mason City - Austin	279	58
Lima	277	60
Lincoln - Hastings - Kearney	276	61
Florence, S.C.	273	62
Harrisburg - York - Lancaster - Lebanon	272	63
Kansas City	271	64
Sioux Falls - Mitchell	271	64
Spokane	270	66
Medford	269	67
Houston	265	68
Syracuse	265	68
Wausau - Rhinelander	265	68
Atlanta	263	71
Tucson	263	71
Boise	261	73
Odessa - Midland	261	73
Green Bay - Appleton	260	75
Traverse City - Cadillac	260	75
Austin, Tex.	259	77
Cleveland	259	77
Cincinnati	256	79
Toledo	256	79
Casper - Riverton	254	81
Norfolk - Portsmouth - Newport News - Hampton	254	81
Albuquerque	252	83
Dallas - Ft. Worth	248	84
Fargo	247	85
New Orleans	247	85
Baltimore	246	87
Ft. Wayne	246	87
Colorado Springs - Pueblo	242	89
Lafayette, Ind.	242	89
Des Moines	241	91
Buffalo	239	92
Great Falls	239	92
Pittsburgh	239	92
Knoxville	237	95
Springfield - Decatur - Champaign	237	95
Minot - Bismarck - Dickinson	234	97
Peoria - Bloomington	234	97
San Angelo	232	99
El Centro - Yuma	231	100
Fresno - Visalia	231	100
Grand Rapids - Kalamazoo - Battle Creek	231	100
Lansing	230	103
Biloxi - Gulfport - Pascagoula	228	104
Oklahoma City	226	105
St. Louis	226	105
Flint - Saginaw - Bay City	223	107
Rockford	222	108
St. Joseph	222	108
Erie	220	110
Jacksonville	220	110
South Bend - Elkhart	219	112
Utica	219	112
Topeka	218	114
Salt Lake City	217	115
Columbus, Ohio	216	116
Binghamton	215	117
Greensboro - Winston-Salem - High Point	215	117
Indianapolis	215	117
Wichita - Hutchinson	215	117
Cedar Rapids - Waterloo - Dubuque	214	121
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Restaurant Business

A BILL PUBLICATION

OCTOBER 10, 1989

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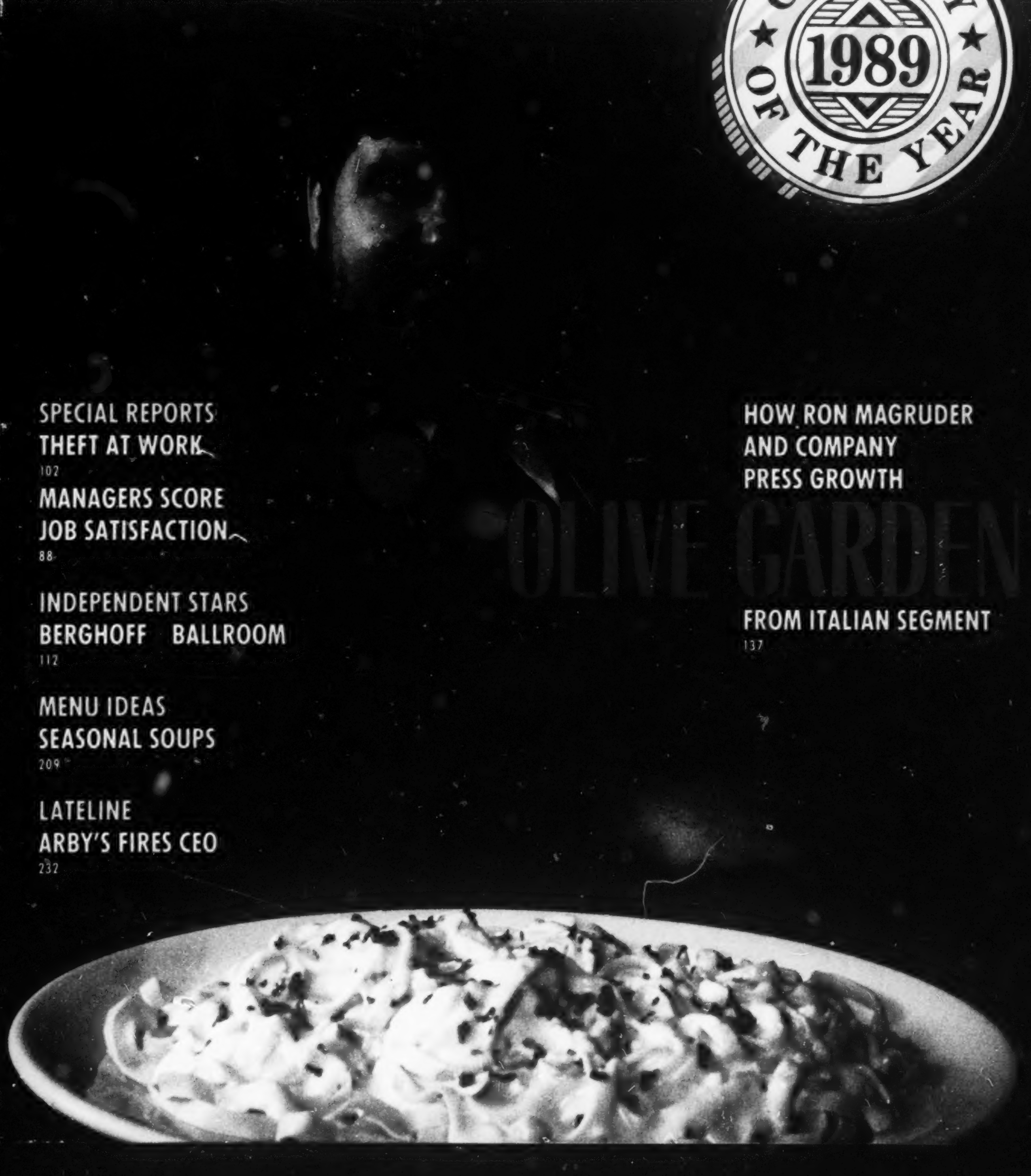

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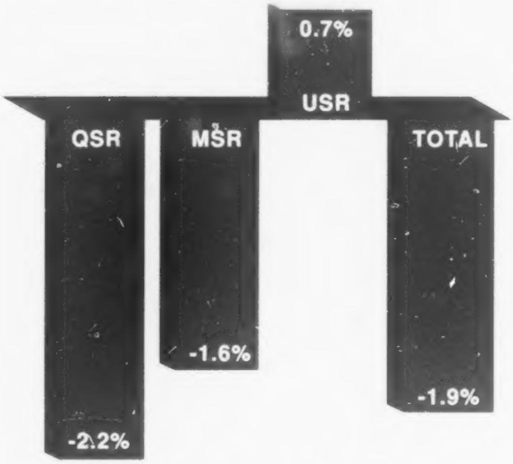
BUSINESS BAROMETER

PERCENT CHANGE IN SPRING QUARTER
1989 Traffic vs. year-earlier period



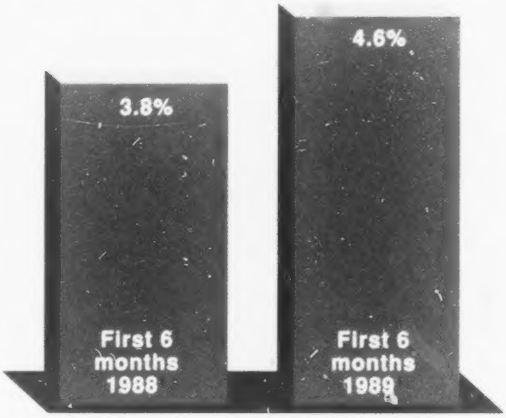
A Lukewarm Spring

According to the latest figures released by NPD/CREST Research, traffic for restaurants was down 1.9% in the spring quarter of 1989 from the year-earlier period. Most surprisingly, traffic in quick-service restaurants dropped 2.2%—a significant turnaround from recent reports that showed fast food as the primary driver of industry growth.

Midscale operators continued to struggle also, experiencing a 1.6% decline in traffic. Upscale restaurants posted a moderate increase of 0.7%.

SOURCE: NPD Research, CREST Service

PERCENT INCREASE IN CPI INDEX FOR FOOD-AWAY-FROM-HOME

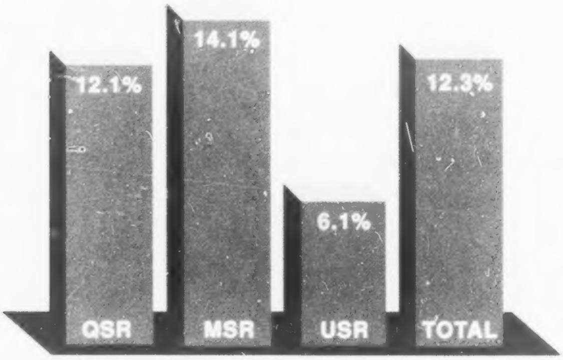


'Away-From-Home' Rises

The (Consumer Price Index) (CPI) for food away-from-home averaged 125.9 for the first six months of 1989—a 4.6% increase over the year-earlier period. In other words, consumers spent an average of 25.9% more on food-away-from home for the first half of 1989 than in the base years 1982-84. The index for the first six months of 1988 was 120.4, a 3.8% over the 1987 index of 116.0 for the comparable period. The increased rate of change is attributed to menu price increases due to rising operating costs.

Increase over year-earlier period
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

PERCENT CHANGE IN REVENUES OF MAJOR PUBLIC RESTAURANT COMPANIES
From latest quarter to year-earlier period



Midscale Leads the Way

The 88 publicly held restaurant companies tracked by Technomic Inc. show a 12.3% increase in revenues for the latest quarters for which financial information is available, versus the same period a year ago. Due to strong performances by Sbarro, Buffets Inc., Morrison Inc., and Ryan's, the midscale segment had the largest increase—14.1%. Despite McDonald's relatively modest 8.5% gain, quick-service chains increased 12.1% thanks to 20%-plus increases by Taco Bell, Pizza Hut, Carl Karcher, and TCBY. A 2.4% decrease in revenues at TGI Friday's helped hold revenue growth at upscale chains in check, increasing just 6.1%.

SOURCE: Company Quarterly Reports and Technomics Inc.

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Cover art by Jack Tom.
Photography by Nobu Arakawa/Black Star.

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REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1989 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Ave., New York, NY 10017.*

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IN THE NEXT ISSUE

COVER STORY

LEVY RESTAURANTS

In just 10 years, Larry and Mark Levy have developed an innovative restaurant company with creative concepts designed to meet the needs of a wide variety of consumers. Levy Restaurants currently owns and operates over 35 restaurants in Chicago, Pittsburgh, and now Walt Disney World. Levy Restaurants was picked from more than 13 finalists in Disney's nationwide search for a company to create and operate its two new restaurants: The Fireworks Factory and Portobello Yacht Club. *RB* gives you an in-depth look at what makes Levy Restaurants so successful in all of its varied markets and locations.

MENU IDEAS

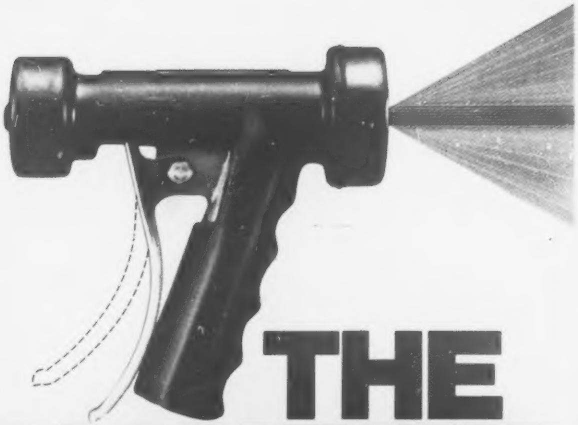
HOT & SPICY

As ethnic food has become more mainstream, customers have shown a strong interest in eating hotter and more intensely flavored foods. Spices and ingredients, such as cilantro, chiles, and lemongrass, are exotic no more, and have taken their place alongside ordinary salt and pepper.

MARKET SEGMENT REPORT

PIZZA

Despite intense competition within the $14 billion pizza segment, most chains have showed no signs of moderating their ambitious expansion plans. Still one of the fastest-growing market segments in terms of revenue, pizza continues to grow steadily in units as well. Home delivery and discounting are just some of the methods used to boost sales, as operators hurry to keep pace with each other and this menu item's popularity.



THE WATER MISER SPRAY NOZZLE

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JOB SATISFACTION

Unit Managers Rate Their Employers and Their Careers.

By Marjorie Freedland

With the aim of developing information to better understand the job frustrations besetting our industry's managers, *Restaurant Business* and human resources specialists Deutsch, Shea & Evans conducted an exclusive, national foodservice management career survey. Participants were unit managers from all market segments (see chart at right). Through the survey, they revealed their feelings about their positions and futures in the industry.

With this feature, which will be presented in two parts, *RB* offers survey highlights. Part I in this issue describes the respondents, identifies their preferred employers, and reveals their reasons for accepting current restaurant management jobs. Part II will discuss unit managers' key career and compensation concerns.

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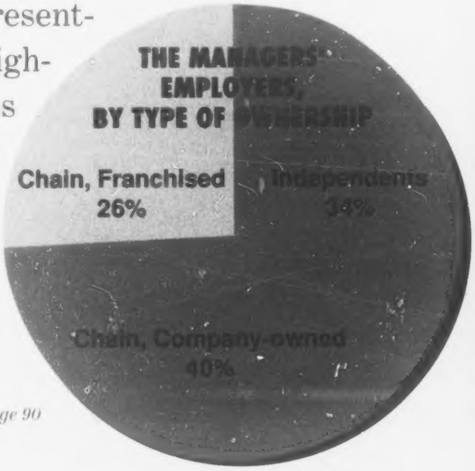
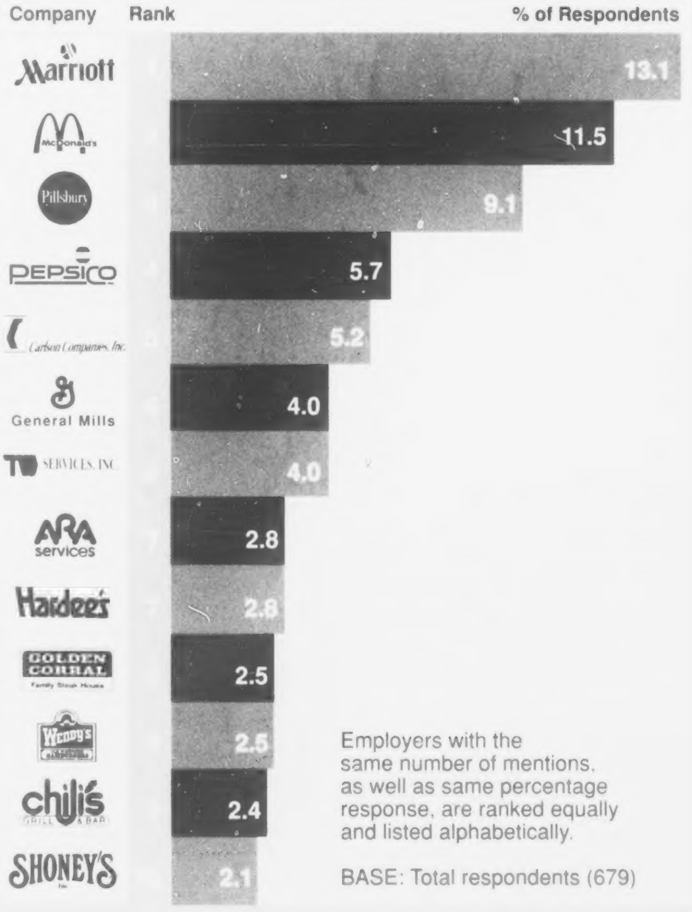

THE MANAGERS' EMPLOYERS, BY TYPE OF OWNERSHIP

UNIT MANAGERS' CHOICE: THE BEST FOODSERVICE EMPLOYERS, BY PARENT COMPANY

When asked their opinion of the best employer, unit managers chose the following companies as the Top 10 ranked employers. For sake of parity, we have consolidated various chain choices that share the same parent company. For example, Taco Bell, Pizza Hut, and Kentucky Fried Chicken all fall under Pepsico.



Employers with the same number of mentions, as well as same percentage response, are ranked equally and listed alphabetically.

BASE: Total respondents (679)

The foodservice industry's reliance on labor goes far beyond the need for hourly workers. Unit managers hold the key to the success of every retail foodservice operation. Yet little is known about the work attitudes and career aspirations of this group.

With a declining talent pool, how can the industry best attract qualified people to this pivotal foodservice function? Once they are on board, what can be done so that they will stay with the organization and achieve maximum profit for the owners?

In order to help the industry understand their career concerns, *Restaurant Business* and Deutsch, Shea & Evans Inc. (DSE) recently conducted a motivation survey among foodservice managers. It explored their attitudes toward their work and their employers, their problems and their career plans. While some motivation research has been done by individual foodservice organizations among limited and segmented samples, this project is unique in providing quantitative, industrywide results.

The questionnaire was designed to allow foodservice managers to write freely about both their job satisfactions and their frustrations. And write they did. They provided so many and such colorful insights of the industry from their perspective that the highlights of our findings will be presented in two parts.

Part I describes the respondents, identifies their preferred employers, and gives the major reasons they accepted their present restaurant management jobs and left their former positions. Part II will appear in *RB*'s November 1 issue and will focus on the problems of foodservice unit managers and their assessment of top management, compensation, benefits, and foodservice career options.

THE PARTICIPANTS. First, who are the unit managers who responded? Eighty-two percent are men; 17% are women. Their ages range from under 25 to over 60. However, their median age, the point at which half are above and half below, is 34.

Seventy-eight percent were college-educated: 68% as undergraduates; 10% attended graduate school. Eighteen percent were high-school-educated and just 4% went to culinary school. Business administration was the most popular major (23%), particularly among the men. Foodservice management was second with 10%, equally popular with both sexes.

Their management experience ranges from under a year to 40 years. The median is 10½ years. The men have

continued on page 92

Marjorie Fredland is senior vice president and director of research for Deutsch, Shea & Evans Inc., specialists in human resources research, advertising, and communications.

> **STRESS FACTOR**
>
> **'Dealing with three to four thousand people a week has to create stress—even in a good week.'**

over two years more experience than the women, whose median experience level is 8½ years. Median tenure as a foodservice manager for their present employer is approximately six years for both sexes.

By job title, they are primarily general or business managers, 73%; assistant managers, 10%; kitchen managers, 7%; or the owner/partner, 6%. Men are more often general managers than women (74% to 64%). Women hold the title of assistant general manager (17%) and kitchen manager (10%) more often than men (9% and 6%, respectively).

THEIR EMPLOYERS. Thirty-four percent work for independents and the rest for chains: 40% company-operated, 26% franchised (see pie chart, opening page). They report the type of foodservice operation as table/booth, 74%; drive-in/drive-thru, 13%; cafeteria, 13%; carry-out, 10%; and delivery, 2%. This totals over 100% due to multiple answers.

These operations range in size from four hourly employees to 1,000. The median is 42 hourly employees.

A significant finding is the fact that half the women work in independent operations, compared to 31% of the men. Furthermore, men work in somewhat larger establishments, averaging 44 hourly employees. The median staff size where women work is 36. This may indicate that women perceive a lack of opportunity in chain operations.

Some chain operation managers identified their parent organizations. Dairy Queen/Brazier, Denny's, Hardee's, Kentucky Fried Chicken, Golden Corral, Marriott, and Burger King each were named by at least a dozen respondents. Approximately 180 other companies were mentioned as current employers.

THE TOP 10. Which employers do they rate best for foodservice managers? In a free response question, they wrote in their first, second, and third choices. More than 240 companies were named, showing a wide range of preferences. This finding is evidence that many companies lack a strong image as an employer among this group.

Those companies who made it to the top 10 by parent company (see chart on page 90) were ranked by total mentions for first, second, and third place. More than 10 employers were listed because in a few cases, two companies received the same number of mentions.

Generally, these employers are preferred by all demographic sectors.

JOB ACCEPTANCE. Salary, advancement, challenge, job responsibilities, benefits, and positive company image were major reasons these unit managers accepted their current positions. Compensation was clearly the top motivation. Thirty-four percent mentioned pay as a critical factor. Benefits and job security were cited by 12% and 3%, respectively.

Twenty percent were looking for career advancement. In addition, 9% wanted to get foodservice management experience.

Work factors also figured prominently in their job choice, particularly the challenge involved (14%), and their responsibilities (12%). Autonomy (4%), dealing with customers (3%), and working with company people (3%) were related considerations. Their enthusiasm was typified by remarks such as, "I enjoy serving the public in the hospitality industry. I *love* my job." Others took their jobs because they feel the "people business is fun."

Company reputation was a major influence on 12% of these unit managers. The quality of their remarks is indicative of the importance they place on image. They wrote about the "quality and success of the organization," "a young company with a lot of opportunities," "a new expanding company with leadership I knew and trusted," and "a company that cares about you as an individual, not as a store number."

There were other less frequently mentioned reasons for job acceptance. Among them, just 6% took the job because they anticipated a favorable work schedule—a 48-hour work week or a five-day week, rarities in this industry.

Some respondents wanted to escape their prior unbearable work situation, such as one unit manager who confided, "I was constantly harassed to outperform everyone else—by putting in 90- to 100-hour work weeks—but I still received poor pay and no benefits."

GENDER DIFFERENCES. Men were far more preoccupied with compensation and company image than women. For women, advancement and job challenges were the key attractions (see chart on page 94).

Money was particularly important in the 25-to-39 age group, and concern with advancement peaked with the 30- to 34-year-olds. By type of ownership, those who opted for chain company operations were—far more than the overall sample—interested in salary (43%); advancement (29%); company image (19%), and benefits (19%).

Those unit managers working for independents were drawn first by compensation (27%), then by job challenge (22%). Those working for chain franchisees were most concerned with compensation (31%); advancement (15%);

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> **STRESS FACTOR**
>
> **'There's not enough time to do all you want to do. It's also hard to juggle work and family.'**

UNIT MANAGERS' MAJOR REASONS FOR ACCEPTING PRESENT POSITION, BY GENDER

Men and women had different priorities when accepting their position. Salary and company image were more important to male unit managers; female unit managers cared more about advancement opportunities and job challenges.

	Total (679)* 100%*	Male (559) 82%	Female (115) 17%
Compensation Factors			
Salary	34%	**37** %	**20** %
Benefits	12	13	10
Job security	3	4	**
Opportunity for business growth	**	**	2
Career Factors			
Advancement opportunities	20	**20**	**24**
Chance to gain experience	9	9	10
Opportunities (unspecified)	4	4	2
Opportunity to apply prior foodservice knowledge	4	3	9
Work Factors			
Job challenge	14	**13**	**21**
Job responsibilities	12	12	10
Autonomy/independence	4	4	4
Customers	3	3	**
Co-workers	3	3	3
Company Factors			
Company image/reputation	12	**13**	**7**
Love of foodservice industry	5	5	4
Type of restaurant	4	4	3
Other Factors			
Store Location	7	**8**	**5**
Own/bought/family business	7	8	4
Hours	6	5	10
Needed a job/out of work	5	5	4
Facilities/working conditions	3	3	6
Miscellaneous	4	4	4
No answer	6	5	10

*The male/female breakdown adds up to 674 because five respondents failed to identify their genders. **Less than 1%
Base: Number of respondents shown in parentheses.
Note: Totals exceed more than 100% due to multiple responses.

owning, buying, or joining the family business (15%); and job responsibilities (14%).

QUITTING TIME. Reasons for leaving their prior management positions were varied. It is critical for chain and independent operators to understand what factors drive unit managers to change jobs, in order to solve their turnover problems.

Fifty-six percent previously worked as managers for another foodservice organization. Why did they leave? They cited many reasons, but the top five were: problems with upper management or the owners, 28%; low salary, 21%; lack of advancement, 17%; the restaurant went out of business or was taken over by new owners, 13%; and long hours, 12%. Percentages are based on those with prior management experience.

Disenchantment with senior management was the primary reason for the entire sample, both sexes, the 25-to-49 age group, and those with six to 20 years of experience.

The respondents complained most about: poor and disorganized management; receiving no feedback and no recognition; being treated unfairly; and not getting their bonuses. They felt an acute lack of interest and that management "broke promises."

The impersonal and bottom-line culture of "too large a corporation" was described by one respondent who wrote, "Corporate structure causes one to be just a number—no real personal caring of what is good for an individual restaurant, just a short-term numbers game." And from another unit manager: "Very little importance is put on the individual's needs."

Low salary was a sore point, as was lack of advancement. They deplored "career stagnation" and promotions that were political, rather than performance-based.

Even in this industry in which long hours are standard, there is a limit to their endurance. Hours were variously described as "over demanding," "excessive," and even "ungodly." Not uncommon was the respondent who left because of a 12- to 14-hour workday, seven days a week.

THE POSITIVE SIDE. Though they left positions for the aforementioned reasons, there are still aspects of working in the industry that they love. What do they like most about their present job?

The findings are overwhelmingly conclusive that their primary source of job satisfaction is their work: the autonomy it affords them (32%); dealing with customers (27%); job challenge and diversity (16%); managing employees (14%); and their other job responsibilities (13%).

They are control-oriented, quintessential entrepreneur types. They express their autonomy as having "pow-

continued on page 96

STRESS FACTOR

'Things happen *now*. You have no time to think. It is an instant business—you must be *on* at all times!'

er," "total control," "freedom to make my own decisions," "complete trust from my supervisors in my decision-making," and "no one looking over my shoulder."

They revel in their role as host, "enjoy seeing happy guests," and meeting and greeting customers whom they regard as "new friends." They are the consummate communicators, basking in the people contact so essential to success in this business.

The constant challenge and diversity of "no two days ever being the same," of "new mountains to climb," keeps boredom from setting in. Something new and exciting happens every day, and not knowing what adds to the dynamic environment in which they thrive.

The scope of their responsibilities, pulling all the aspects of the business together, is greatly satisfying to them. Creating menus, upgrading their restaurants, and the like, are part of it. They especially like the action on "busy nights when everything clicks."

They take a keen interest in their hourly employees, their "crew." Watching the "regulars" grow, molding the staff into a great team, working with them to make their first job meaningful, are all positive aspects of the work.

For male managers, autonomy is the leading source of satisfaction, but interacting with customers is tops for women. Furthermore, proportionally more women than men like dealing with employees. This is in line with DSE attitudinal research in other occupations in which women were found to be more people-oriented than men. This is a significant finding in an industry so dependent on people skills, and in which, thus far, relatively few women are managers.

What is the "down" side of their current jobs? Not surprisingly, considering the reasons they gave for leaving previous positions, unit managers complained most about long hours (32%), problems with employees (19%), and problems with management (17%), lack of freedom imposed by rigid management style (10%) and ineffective upper management (7%).

MARRIED TO THE BUSINESS. For many, work schedules are horrendous. They feel married to the business. Eighty-hour weeks are not unusual, and some who manage to get away are on call 24 hours a day. Not being able to take weekends or holidays off results in deterioration of their family relationships, and the overall quality of their lives suffers.

In addition, employees who are not so easy to train and problems associated with managing them are decidedly negative aspects of their responsibilities. Managing problem staff includes supervising and disciplining, hiring and firing, and dealing with thievery. In a nutshell: Babysitting young adults is not fun. Their "problem" staff members are "kids who do not care about the restaurant business, who don't know how to or are not willing to think." They are often lazy, irresponsible, immature, and dishonest. It is a strain to deal with the "childish mentality of teenage kids," and waste time contacting delinquent or tardy workers.

These unit managers recruit and train new employees, only to have them quit without any notice. As one respondent described his staff's attitude, "Employees believe you owe them for working for you. We have lost the ideal of 'work hard and be what you want to be.' It's more 'give me what I want, or this is what you get'."

In addition to employee behavior problems respondents cited the declining availability of teenage workers and the declining quality in the teenage labor pool (7%), and turnover (4%).

Perhaps their most venomous remarks were directed toward their own senior management, which restricts their independence and initiative through "corporate hand-tying" and "meddling." They deeply resent lacking authority to select their own assistant managers, and "people sitting in the office trying to run my operation on the telephone." As one expressed it, "The general managers are losing control over the say-so in their stores."

Other criticism was aimed at headquarters managers who don't know the business, particularly field operations, and don't care about their field managers. In many cases there is total lack of communication from the home office to the field. Individual store managers are often not consulted on "stupid promotions"—or anything else.

There is a pervasive feeling that they "get no respect"—no appreciation, no credit, and no rewards for a job well done. To make matters worse, unit managers' home offices often set "unrealistic sales quotas."

As top management is variously described as uneducated, unresponsive, nonsupportive, and even underhanded, it is apparent many in this survey sample are in this business in spite of rather than because of top management.

Other negatives include too much paperwork (6%), low salary (5%), job stress (5%), and poor benefits (4%).

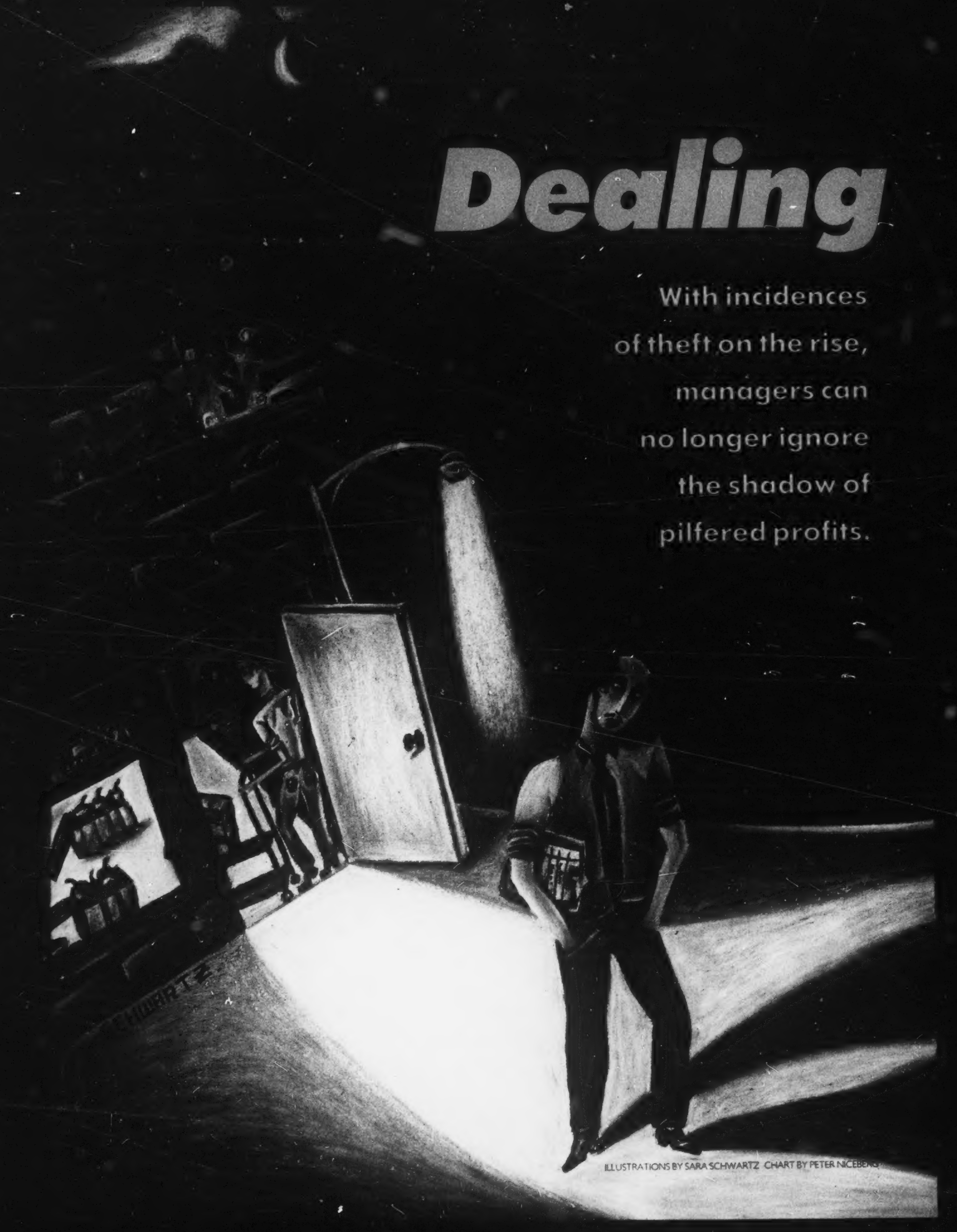
Men's major complaint was long hours (33%); problems with employees headed the women's list (29%). Understandably, the youngest and least experienced restaurant managers dislike disciplining employees, most of whom are just a few years younger than they are. Heavy work schedules are disliked more in chain operations than in independents, and the tight reins of corporate autocracy are felt most in company operations. **RB**

Note: Deutsch, Shea & Evans' survey sample was derived from a selection of managers on Restaurant Business' *national controlled circulation list. The questionnaires were mailed on April 10, 1989. The 679 usable responses received by the cutoff date were tabulated for this report.*

Part II will appear in *RB*'s November 1 issue.

Dealing

With incidences
of theft on the rise,
managers can
no longer ignore
the shadow of
pilfered profits.



ILLUSTRATIONS BY SARA SCHWARTZ CHART BY PETER NICEBERG

with Stealing

BY RALPH RAFFIO

ON A BRISK JANUARY MORNING THIS YEAR, SAM Fredericks* was driving to work when his car phone rang. "Get over here quick," said the raspy, broken voice of his partner, Ed McCoy. "Don't stop along the way, either. We've got big problems, real big." Before Fredericks could say anything, the line went dead, and McCoy was gone. The next few miles—only a seven-minute drive to the restaurant he'd owned for more than two decades—seemed to Fredericks to take hours.

Usually empty at 10 a.m., the restaurant's parking lot was jammed with police cars when Fredericks arrived. Yellow tape—the kind they use to secure a crime scene—seemed to go clear around the building; police blockades kept curious onlookers out of the way. Sam Fredericks, visibly shaken, imagined that he was having a bad dream as his partner pulled him to the side of his car to explain: Earlier that morning someone had entered the restaurant and shot its executive chef of 20-odd years dead. The investigation is still underway, but the authorities have tied the shooting to a kitchen worker who'd been fired four days earlier for stealing thousands of dollars' worth of food. The police believe the employee blamed the chef for losing his job.

"People don't usually kill other people over a few dollars," says a source close to the investigation. "There's only one reason (the accused) would be so vicious—because he was making a lot of money ripping off that restaurant. This is not about nickels and dimes, it's about *real* money. And it's getting worse."

BILLIONS LOST TO THEFT. Though restaurant operators are loath to talk openly about it, employee theft is costing them billions of dollars a year in lost revenue and merchandise. Restaurant owners and security experts estimate that about five cents on every dollar spent in U.S. restaurants is lost to theft, amounting to over $8.9 billion in cash and property in 1988 alone. That's roughly equal to three-quarters McDonald's 1988 revenues, and it's about $3 billion higher than Burger King's.

There are those who say these estimates are too high, yet there are an equal number who claim they are not high enough. Accuracy in matters of theft is extremely difficult to ensure, a fact born out by conflicting national studies. Annual estimates of how much employee theft costs U.S. businesses range

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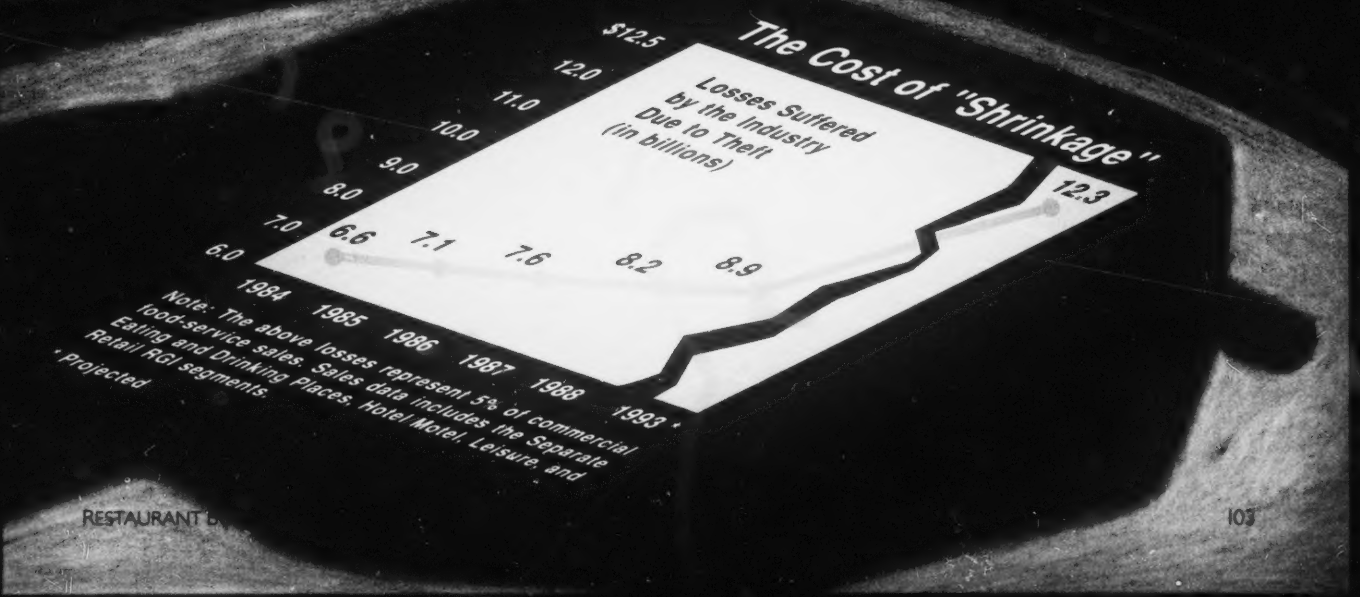
* *Sam Fredericks and Ed McCoy are pseudonyms used in order to protect the operators' anonymity.*



The Cost of "Shrinkage"

Losses Suffered by the Industry Due to Theft (in billions)

Note: The above losses represent 5% of commercial food-service sales. Sales data includes the Separate Eating and Drinking Places, Hotel/Motel, Leisure, and Retail RGI segments.

* Projected

Security experts estimate that about five cents on every dollar spent in restaurants is lost to theft.

anywhere from the U.S. Chamber of Commerce's $20 billion to $40 billion figure to other estimates running as high as $100 billion.

However, few people dispute that employee pilferage—not outside influences—accounts for the vast majority of what *is* stolen in restaurants. "Employee theft is big, real big," says Tony Feicco, vice president of operations for International House of Pancakes, North Hollywood, CA, and a former employee of the Central Intelligence Agency. "You're also seeing bigger hitters than in the past. The actual dollar amount a person is willing to take seems to be a lot higher than it used to be." Feicco says that between 3% and 5% of IHOP's sales are, in fact, lost to employee theft.

Though large fast-food chains are perhaps best protected against employee pilferage—tight inventory control and point-of-sale procedures see to that—not even here can operators breathe easy. A recent study of 341 fast-food workers done by London House Inc., a Park Ridge, IL-based research firm, showed 62% of those surveyed outright admitting to stealing cash or property from their employers at least once in the last six months. More than half said they knew about occurring thefts.

GETTING WORSE. Owners think employee theft is on the rise. They say workers are getting smarter about skimming—and that they've become more daring, a characteristic owners strongly believe has been fostered by an ineffective legal system.

"Legally, there's not a whole lot we can do to someone who steals from us except ask them to leave, and almost every employee knows it," says one restaurateur who asked not to be identified. "The court system doesn't work, and the legal system makes it very difficult to report pilferage without being hit with a lawsuit. It's extremely difficult to foster an atmosphere of culpability under those circumstances. No, it's damned near impossible."

IHOP's Feicco sees another problem. A lot of workers, he says, feel *entitled* to skim. Still shocked by her reaction, Feicco tells of a waitress in New Jersey who was caught stealing $500 to $700 a week by pocketing early morning tabs. "She admitted to taking the money," says Feicco. "Then, after agreeing to pay back $7,500, she asked, in all seriousness, whether she should come to work the next day. There was absolutely no feeling of guilt attached to what she'd done." Which leads to the big question: What's a restaurant owner to do?

"It all comes down to controls and discipline," says Ted Swann, who owns 18 Pizza Hut restaurants in Kansas. Swann insists that good point-of-sale systems are the single most important deterrent to pilferage. "If you do nothing else," says the veteran restaurateur, "you must have excellent guest check control. If you're doing a good job with that, you can keep losses below 2%."

Mike Amos, a vice president with Sandia Holdings Inc., the Arizona franchisee of Applebee's restaurants, agrees. "Our POS systems help us considerably," says Amos. "Servers can't do anything without a hard copy check. There's an audit trail to our system that's a mile long." Amos, who claims that restaurants without tight POS systems could easily experience as much as 10% shrinkage, says that his company's five Applebee's units report shrinkage of around 1%.

But there's more to good controls than just a POS system. Says Swann: "I've got some very sophisticated controls and follow-up accounting systems, but without good people working for me none of it's worth very much. Practically everything comes down to what kind of team you put together."

TREATING THEM RIGHT. Putting together a hard-working team, of course, says more about the operator than the staff. "It's a constant challenge to keep a staff motivated and content," says Doren Chisolm of Embassy Suites, Dallas, TX. "If you treat people well, provide them with attractive meals and such, you've created a more positive situation—one where people are a lot less likely to take advantage."

On the other hand, owners who are prone to encouraging tipped employees to underreport their earnings, or who think nothing of "selectively" logging in a day's worth of receipts, ought not be surprised when they fall victim to pilferage. After all, the restaurant owner acts as role model. Through good example, say many experts, one can substantially affect theft patterns among hired employees.

Hiring the right people, of course, is anything but simple. For one thing, restaurants, bars, and hotels—which are notorious for high employee turnover—are constantly in the market for new workers. That is perhaps the worst possible set of circumstances for making a decision on whether or not to hire someone. On the other hand, many experts say that the hiring process is where you first start controlling internal theft. In *Protecting Restaurant Profits*, a book prepared for the National Restaurant Association's Educational Foundation, author Stephen G. Miller says this: "Experts have developed screening tools that

Operators say that employees are more daring and smarter about skimming from the till.

help in assessing the quality and honesty of job candidates. These tools require a bit of effort to master, but they do help reduce internal theft."

TO TEST OR NOT TO TEST. Not everyone agrees, however. Though much is made of it, many experts feel that pre-employment screening is anything but the answer.

"The assumption that you can predict, through a written examination, the criminal intent of a person is absolute hogwash," says Anthony Marshall, dean of the School of Hospitality Management at Florida International University, Miami. "If you want to check up on a person, pick up the phone and check his references." That, says Marshall, who is also an attorney, provides a far more reliable character analysis than written examinations.

Many restaurant operators admit to neither doing a background check nor any other kind of investigation before hiring many employees. That may sometimes be the result of neglect on their part, but not always.

"The channels of communication among employers have been largely cut off," says a major dinner-house operator. "If I fired a guy for stealing—which I've done plenty of times—then told another operator about the incident, I'd get sued by the person I fired. Unless you've got rock-hard evidence that they've been stealing, you'd better be very careful about making accusations."

"A lot of operators just don't want to talk to each other about employees anymore," says another restaurateur.

In fact, owners do have some cause for concern. Wrongful termination suits are not uncommon in the restaurant industry, and the cost of losing can often be quite high. Howard Johnson Co. was once ordered to pay $100,000 in damages to an employee it accused of stealing, when a jury found the employee innocent of the charges brought against her. Other cases have shown similar results. Recently, a Dallas bartender won a $400,000-plus wrongful termination award from a restaurant he'd been fired from after several years of service.

GOOD COMMUNICATION. But restaurant operators maintain that communicating with one another is essential to making good hiring decisions. They just have to be careful about what they say when giving a reference. "When I'm called as a reference, I just tell the person whether I will or won't re-hire the employee," says an owner. "I won't say anything else, but most times that is enough."

Restaurant owners are also encouraged to seek each other out. "Networking is very important," says Applebee's Amos. "You can accomplish a lot by sitting down for a soda and informally going over things."

Fear of litigation is, of course, but a small part of a much larger picture. The biggest concern for restaurant operators is correcting a theft problem before it's too late. For this, more and more operators are turning to private investigators. Among those who did so are Sam Fredericks and Ed McCoy. It was a private investigator—not the chef who lost his life—who discovered the accused kitchen worker loading boxes of steak and shrimp into a van.

All this has been a boon to the private-eye business. Known as "spotters," investigators typically visit a restau-

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TO CATCH A THIEF

1. Purchasing Controls: To avoid kickbacks between buyers and vendors, a management-level individual must oversee food and supply buying. Competitive bidding is essential to the buying function's integrity.

2. Receiving Security: Assign receiving duties to a neutral party, not someone who has buying, storage control, or accounting responsibilities.

3. Entrance/Exit Monitoring: Only one door should be designated as the authorized employee entrance and exit. The door should not be a receiving door.

4. Cash Register Procedures: Position cash registers in full view of management and guests; this makes it more difficult for cashiers to mishandle guest checks or cash. Detail tape must be refilled regularly and immediately; no transactions should be allowed without a printed record on the tape.

5. Surprise Audits: If a cashier is suspected of stealing, have a supervisor suddenly take over the cashier's register during a slow period. The supervisor should close out the register, remove the cash and register detail tape, and replace with a new bank.

6. Numbered Guest Checks: For maximum control, all guest transactions should be accompanied by a numbered guest check. The checks should be assigned to servers in consecutive order, thus avoiding "missing" or "lost" checks.

7. A Disciplined Bar: To avoid overpouring, supply bartenders with standardized recipes and measuring utensils. To avoid bartenders' use of personal supplies of liquor, institute a package inspection station at the employee's entrance, but also consider marking bottles with a code.

8. Automatic Liquor Dispensers: Preprogrammed liquor control devices can automatically record drink prices as they are electronically dispensed. These systems help reduce unrecorded sales, overpouring, underpouring, and human error.

9. Hire Investigators: Through their unannounced visits and detailed status reports on your operation, private investigators can be especially useful to restaurant owners out to identify where theft occurs. Cost is usually reasonable. However, when hiring an investigator be sure to check his credentials and even contact some of his former clients.

10. Smart Hiring: Simply put, the more effort you put into hiring a person the better off you'll be. Though sometimes difficult to secure, reference checks are essential. Beyond hiring, however, owners must clearly state their policies on theft to employees. Leave no room for doubt regarding the consequences of actions.

Source: National Restaurant Association

The legal system makes it very difficult to report pilferage without being hit with a lawsuit.

rant or bar, spend a couple of hours eating or drinking, but most of all watching employees go about their business. They then file a report with the owner. Though spotters have for many years been used primarily for quality control purposes, they are increasingly sought out for theft prevention. Pizza Hut's Swann says he is now using spotters between nine and 12 times a month at each of his 18 restaurants. At a cost of only $100 per restaurant per month, Swann says the investment is “cheap, real cheap.”

THE EQUALIZER. Bill Gegenwarth, manager of The Equalizer & Associates Investigative Services, Thornton, CO, has been hired by more than 2,000 restaurants and lounges. In 90% of them, he says, owners have fallen victim to employee theft, particularly at the bar. “There's no question that the majority of what's stolen in restaurants comes out of the bar,” says Gegenwarth. “The big restaurant chains have to have strong managers to prevent theft at the bar, but even then it's very difficult to stay on top of things.”

In fact, says Gegenwarth, even the most sophisticated inventory or POS control devices aren't above the determined thief. “One client of ours had a computerized liquor dispenser that also ran up the cost of the drink, yet he still believed he was being shorted,” explains Gegenwarth. He was. “We found that a bartender was using a magnet to throw the system off. Instead of ringing up the cost of the drink, the system was ringing up zeros.”

“Controls are only as good as the person using them,” says Fred Del Marva, chairman of Food & Beverage Investigations, Novato, CA. “The reason this is such a sensitive subject in the hospitality industry is because owners and managers are sometimes the problem. Employees see the boss getting lax and so they get lax. Before long, you've got big problems.” Del Marva, whose firm also sends spotters to restaurants and hotels, says that the average overpour at bars he's visited is anywhere from 25% to 50%.

Stolen merchandise can also be a major problem for restaurants. Though keeping track of product can at times be simpler than watching every cash transaction—many restaurants have installed video cameras near exits and locker rooms—there's always someone finding a way to outsmart you. Del Marva tells the story of a major fast-food chain that became concerned when food costs in one market had grown excessive. A private investigator was hired to find out whether any theft was in evidence.

“We planted two guys in a store as workers, and everything looked good,” says Del Marva. “We decided it had to be an outside job, so we parked a van outside the restaurant with a couple of investigators inside it. At about 3 a.m., when the maintenance crew was inside cleaning up, a pickup truck showed up. The maintenance crew was pushing half chickens out of a mail slot—a few cases of chickens a day—which were loaded into the van and then sold to local restaurants. These days, that sort of theft can be very costly to an operator. It could even put you out of business.”

PREVENTABLE SHRINKAGE. Private investigators are becoming an important part of today's restaurant business. And with good reason. Competition has put the squeeze on many owners, so much so that their bottom lines cannot afford even the slightest amount of preventable shrinkage.

But many operators still seem uninterested in investigating their employees' backgrounds *before* hiring them. “Practically none of the lounges we've worked with perform background investigations on employees,” says Gegenwarth. The Equalizer provides a seven-year history of a person, complete with criminal and employment records. “They think it's too expensive, that it isn't cost-effective.” To the average restaurant owner, background checks can be expensive. At $50 per employee, a typical restaurant could easily spend thousands of dollars a year checking out employees.

Many operators believe that even diligent detective work isn't going to stop employees who want to steal. But there are some patterns to watch out for.

“In a tightly run operation, cash is more likely to be taken by management-level employees than by hourly workers,” says Amos. “Salaried people know the system better, and they have greater access to things, so be careful not to allow too much autonomy. Where hourly workers are concerned, you've got to watch out more for their taking product. If a ham's sitting near the back door, it's gonna grow legs, so make sure there's a lock on the door.”

If an owner thinks he has a problem, however, Amos suggests first trying the simplest, cheapest approach. “If you want immediate impact, call the staff together and address the problem. Tell them you know something's going on, and tell them you're going to be watching everyone. You'd be surprised how effective that can be.”

Ralph Raffio is a free-lance business writer with many years of experience writing about the foodservice industry. He is based in Jersey City, NJ.

SEAFOOD

MARKET SEGMENT REPORT

Seafood restaurants have moved farther inland, thanks to improved transport and patrons' growing appetites for fish.

By Jacque Kochak

From the craggy, misty shores of Maine to the busy piers of San Francisco to the warm tropical ports of Florida and the Keys, seafood is a staple. Along the East and West coasts and around the curving Gulf shores to Louisiana and Texas, seafood independents have won huge, loyal followings.

In the last decade or so, seafood restaurants have won equally staunch customers far inland, thanks to a revolution in transportation and customers' growing appetite for the sea's bounty.

"I find more and more good fish in the Midwest thanks to improved transportation," notes Jon Rowley of Fish Works!, a Seattle-based seafood consulting firm that works with restaurants. "Shaw's Crab House in Chicago serves exactly the same quality that you can get in Seattle. Today, all you have to do is just put the seafood on a plane and make sure it's packed right."

SAFETY CONCERNS. But the seafood segment is not without its problems. In some regions, concerns about the safety of seafood caught in polluted waters have scared customers, and the rising prices of a limited resource have helped dampen consumers' enthusiasm for fresh fish.

"A customer would have to be living in a cave not to have had his awareness raised about problems with seafood sources and handling," notes Dick Monroe, who is vice president of public relations for Orlando-based Red Lobster, a division of General Mills Restaurants Inc.

In recent years, seafood consumption

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Among inland seafood restaurants that have managed to earn staunch followings is Atlanta's Fish Market, part of the Buckhead Life Restaurant Group.

has been increasing at a heady pace. But in 1988, for the first time in five years, per-capita consumption figures showed Americans ate less seafood than the year before.

In 1988, according to the National Marine Fisheries Service, overall consumption of fresh and frozen seafood declined from 10 lb. per capita to 9.6 lb. Consumption of canned and cured seafood (mostly tuna) remained flat, but shrimp continued to gain in popularity.

Reasons for the slight decline are varied. For one thing, many popular species have become very expensive, and in a marketplace where value is the key, seafood doesn't always seem to be the best value. Besides the fact that some popular fish are scarce, prices have been affected by the fact that record U.S. exports recently tightened domestic supplies.

Fears about the safety of some seafood have been fanned by extensive media coverage of the subject, such as *Time* magazine's recent cover story entitled "Is Anything Safe?" Although Southern consumers seem unconcerned about reports of pollution affecting seafood safety, New England diners are touchy, and the Northeast has shown the biggest drop in consumption.

The news is not by any means all bleak, however. Most full-service seafood operators surveyed report that sales are as good as or better than ever, and some seafood independents boast multi-million dollar volumes that are unquestionably among the highest in the industry.

"I can tell you that we haven't seen a drop in consumption in Red Lobster's restaurants," says Monroe. "Any way you slice it, Red Lobster's absolute volume has been going up."

Fast-food operators, who are especially dependent on one or two species and are less flexible than full-service restaurants, have suffered the most. Even they, however, are finding ways to adjust.

PROBLEMS WITH PRICING. As the price of seafood has spiraled upwards, restaurants specializing in it have naturally had to adjust. Most use "fresh sheets" or change the menu daily or weekly to take advantage of the best-priced species, and some have made more use of underutilized species that were once dismissed as "trash fish." That is not always an option, however.

The 20 Rusty Scuppers, concentrated in the Midwest, Northeast, and mid-Atlantic states, serve seafood with an emphasis on grilled fish.

"Down here customers want their grouper, their snapper, their dolphin fish," says Gary Scharps, vice president of operations for Miami-based Crab Houses. "They're not looking for orange roughy. We do use underutilized species, but we have to be careful. Amberjack is very popular in Atlanta, but we can't give it away in Florida."

Scharps notes that as the supply of popular species gets too expensive, Florida customers may be more interested in experimentation. That's why, he says, educating consumers is important even if the process is difficult and expensive.

Although one source says that the number of seafood species available in the U.S. could increase to about 1,500 by the mid-1990s, experts question whether customers will ever accept totally unfamiliar species.

"I don't think there's a whole lot of interest in the 'weird and wonderfuls'," says consultant Rowley. "The customer needs to be able to fit the product into a seafood category with which he is already familiar."

Therefore, many restaurateurs are somewhat limited in how flexible they can be, and seafood prices in the last year have been very erratic and hard to follow. For example, once-inexpensive mahi-mahi has skyrocketed in price, while expensive salmon has become more reasonable.

Because of concerns about seafood supplies, fish farming, though expensive, is becoming a more viable option. Fish farmers are now experimenting with redfish, halibut, and turbot, and hybrid striped bass is also being grown. Tilapia is very easy to grow, and a couple of farms in Florida are growing frogs.

Concerns about the safety of seafood and rising prices have dampened sales.

Not surprising, seafood is still re-

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gional in its appeal. According to RE-COUNT data compiled by the Restaurant Consulting Group Inc., Evanston, IL, far and away the most seafood restaurants are located in the South Atlantic region. Of a total of 59,133 restaurants, 4.9%—or 2,879 restaurants—specialize in seafood.

Seafood restaurants are not as well represented as might be expected on the Pacific coast, where only 1,601 restaurants out of 64,332, or 2.5%, specialize in seafood.

Even more surprising, RE-COUNT says there are more restaurants specializing in fish and seafood in the East/South Central region, encompassing Mississippi, Alabama, Kentucky, and Tennessee, than in New England. The East/South Central region claims 776 fish restaurants, or 4.2% of the total; New England has 702 fish restaurants, or 3.5% of the total.

The statistics are slightly misleading, however: both Long John Silver's, with headquarters in Lexington, KY, and Captain D's, with headquarters in Nashville, TN, have a fair number of units in those areas. With the exception of a few small chains such as Kansas City-based Gilbert/Robinson Inc.'s Bristol Bar & Grill, far more full-service seafood restaurants are located on the coasts. General Mills' Red Lobster, of course, has units located across the country.

There is definitely a regional aspect to which species customers prefer, as well. "Certain fish classics, like salmon and swordfish, sell everywhere," says consultant Rowley. "Orange roughy is popular in the Midwest, catfish is popular in the South, and they recently put planked whitefish on the menu at Shaw's Crab House in Chicago, and it goes well there. But planked whitefish just wouldn't work in Arizona or California."

"BUDGET" SEAFOOD. An interesting development in the Southeast is the growth of small chains specializing in low-priced, abundant seafood. They successfully fill a niche between full-service, sit-down seafood dinner houses and fast-food chains.

These "budget" seafood restaurants operate with a high food cost—as much as 50%—and generate high volumes by offering large quantities of foods at bargain prices ($8 to $12 for dinner). They keep costs in line by such measures as using disposable dinnerware and refusing credit cards.

"The budget seafood places are following the normal progression of entering a mature market," says Red Lobster's Monroe. "It's like when the Japanese came into the mature U.S. automobile market with their budget cars."

Seafood restaurants will benefit from the trend toward healthy foods.

By far the largest full-service seafood restaurant chain in the business is Orlando-based Red Lobster, part of General Mills Restaurants Inc.

An example is Tampa, FL-based Shell's, with 20 units now open from Tampa to Atlanta and an outpost that opened in August in New York City. The company hopes to have 25 units open by the end of 1989, and 50 stores open by the end of 1991.

Shell's forgoes elaborate decor in favor of lots of food at very low prices. In fact, its motto is "Put the atmosphere on the customer's plate."

And prices are impressively low. For example, the Dungeness crab platter is heaped with a pound and a half of crab for only $9.95. Shrimp pasta includes a half pound of shrimp in a bowl full of pasta and rich cream sauce for only $7.95.

The menu is a single sheet with regular offerings, including seafood pastas, fried clams, scallops, soft-shell crab, shrimp, cod, and grouper, as well as onion rings, salad, cheesecake, and Key lime pie. The opposite side of the menu lists daily specials.

In order to keep costs low, founder John Christen converts existing restaurants, adding simple decor touches such as nets and crab pots.

The approach is successful. The company's 1988 sales reached $25 million; 1989 sales are projected to reach $41 million.

SEAFOOD DINNER HOUSES. Upscale seafood restaurants are almost overwhelmingly independents, some of them nearly legendary in their markets, and posting some of the highest

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volumes in the entire restaurant industry. Nevertheless, a few chains have developed, proving that the logistics of transporting fresh seafood and coordinating ever-changing menus are not overwhelming.

By far the largest full-service seafood restaurant chain in the business is Red Lobster. Some 446 Red Lobsters in 38 states are now open, and expansion plans call for a continued march along both coasts. An estimated 20 restaurants a year will open, with the emphasis on filling in markets in the Pacific Northwest and the Northeast.

Last year, Red Lobster added 46 units, but Monroe says that was an aberration. The company bought 26 Seafood Broiler Restaurants in the Northwest and converted them to Red Lobsters.

Red Lobster's systemwide sales topped $1 billion last year, and the bustling restaurants served more than 102 million guests over 60 million lb. of seafood.

Despite Red Lobster's voracious demand for seafood, Monroe says that availability has never been a problem. "We're in an enviable position because we buy from so many countries throughout the world that we are able to keep a very close ear to the market. If we hear rumors of a shortage, we are prepared," he says.

Red Lobster is able to adjust to fluctuating seafood prices because of the size of the menu. With "create-your-own-platter" options, Red Lobster offers about 100 different entrees, including 10 fresh fish selections every day. Monroe says that while the cost of one seafood alternative might be up, the cost of another is down, so everything evens out.

Red Lobster is among those companies that are paying serious attention to customers' concerns about seafood safety. Seafood is monitored constantly from boat to plate.

The company's purchasing people deal directly with the fisherman, fleet, or cooperative in foreign countries, says Monroe. "For example, they go straight to shrimp farms in Ecuador," he explains. "And before we ever do business with a company, we inspect their boats or their plant and investigate their shipping procedures."

In 1988, seafood consumption declined from 10 lb. to 9.6 lb. per capita.

Mobile, AL-based Morrison's Inc.'s 21 L & N Seafood Grills serve only fresh seafood and boast average unit sales of $2.2 million.

Once a supplier is chosen, quality-control people do spot checks periodically. And once seafood is shipped to the States, Red Lobster's own microbiology lab analyzes samples from each shipment before it is accepted for distribution. At the store level, seafood goes through a formalized inspection procedure upon delivery, then is formally checked twice a day.

"This is all very expensive, but we're a $1 billion company," says Monroe. "We don't want to jeopardize that. It's a cost of doing business that we consider absolutely essential."

Red Lobster offers a brochure in its stores that offers information about the company's quality control. Additional information is featured on place mats.

TOP OF THE CATCH. Public concerns about the safety of seafood in some parts of the country have also led Allston, MA-based Legal Sea Foods to publicize the company's very stringent buying procedures. For example, Legal Sea Foods will only buy a trawler's freshest "top of the catch."

They also take affidavits from all trawlers verifying the source of the catch, and won't accept any fish that doesn't come from certified inspected beds. Almost all Legal Sea Foods' offerings come from George's Bank, far out in the deep, icy waters of the open Atlantic.

In order to be absolutely sure these standards are maintained, Legal Sea Foods employs its own fish buyers who go to Boston's piers daily to buy right off the trawlers. Back at headquarters, the fish is cut by workers wearing surgical gloves in a refrigerated environment. A certified bacteriologist works

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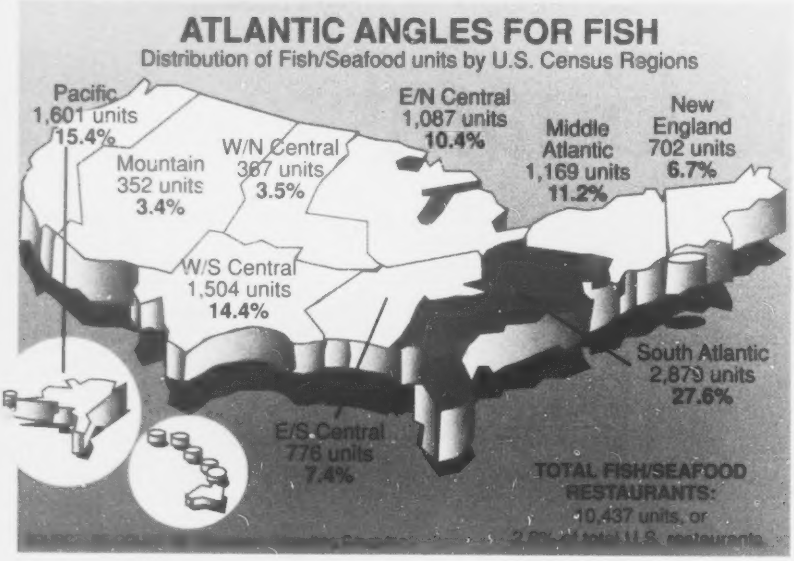

ATLANTIC ANGLES FOR FISH

Distribution of Fish/Seafood units by U.S. Census Regions

full-time conducting tests on the catch.

"In fact, we do more tests than the state of Massachusetts, so we report to the state on the condition of the beds," says Karen Lloyd, Legal's director of marketing.

All this is communicated to customers through advertising that talks about "Legal Quality."

That famous Legal quality has led to a profitable sideline for the company: Legal Sea Foods is now in the business of delivering seafood all over the country via overnight express services.

About eight years ago, actress Carol Channing told owner George Berkowitz that she wished she could get Legal's fresh seafood when she was on the road. Other customers sometimes called long distance with similar laments.

MAIL ORDER. "When you've got people demanding a service, you sit up and take notice," says Lloyd.

The service was begun on a regular basis. Two years ago Legal Sea Foods put together a catalogue showcasing live lobster, clam chowder, clam chili, a variety of fish, and other products. Company representatives visit trade shows to tout the service for corporations as an employee incentive, and corporations have become a large part of the business.

Because it is so important that lobsters arrive alive, Lloyd says that employees do a "friskiness test" before a lobster is packaged and shipped. "We take them out of the tank about 20 minutes before they go," she says. "If they get limp, we know they won't survive the trip. They have to show definite signs of vitality."

Mail order has become a significant part of Legal Sea Foods' business, says Lloyd, though she declines to give figures. The company also operates seven full-service restaurants in the Boston area.

A major expansion of the company's Chestnut Hill unit is underway, with a new dining area featuring grilled seafood, available late into the night. "We realized that there was no place in that area to get good food late in the evening, but we also realized that people don't want heavy food at night," explains Lloyd.

Legal Sea Foods has avoided a chain image, with decor individualized at each site. Dining rooms are mid- to upscale, with elegant accents of brass, wood, and tile. The clientele includes many tourists, and families are happily accommodated. Average check is about $25 per person.

Lloyd says that Legal Sea Foods may offer the most extensive selection of fresh seafood in the country on its menu, which changes weekly to accommodate any price fluctuations.

Many underutilized species, such as brown-shelled mahogany clams, are featured, and Legal Sea Foods was among the first to popularize the once-humble monkfish.

Legal Sea Foods has also been innovative in experimenting with different styles of seafood cuisine. China's Shandong province cuisine was introduced by importing a Chinese chef to Boston, and one unit is now featuring a *Kappo* bar, showcasing cooked Japanese seafood specialties such as broiled swordfish with ginger sauce, broiled eel with white rice, and smoked salmon roll.

AN ABUNDANCE OF SEAFOOD. Almost all of the restaurants operated by Pepper Pike, OH-based Stouffer Restaurant Co. specialize in seafood or serve a great deal of seafood.

Stouffer is a subsidiary of the Swiss company, Nestlé Enterprises; sales figures are not available.

The company's number-one growth concept is J.B. Winberie's, specializing in fresh seafood (representing about 30% of sales) and pastas as well as salads, sandwiches, and burgers. Average check is about $12.

Winberie's is located in select upscale neighborhoods and draws from a radius of three to five miles, says marketing manager Peggy Anderson. Stouffer's other concepts, Rusty Scupper and Parker's Lighthouse, are more destination restaurants.

The most difficult challenge is to maintain a consistent supply of product.

The 37 Winberie's are casual, with seating and separate rooms for privacy. Two or three new units are scheduled to open in the next year.

The 20 Rusty Scuppers, heavily concentrated in the Midwest, Northeast,

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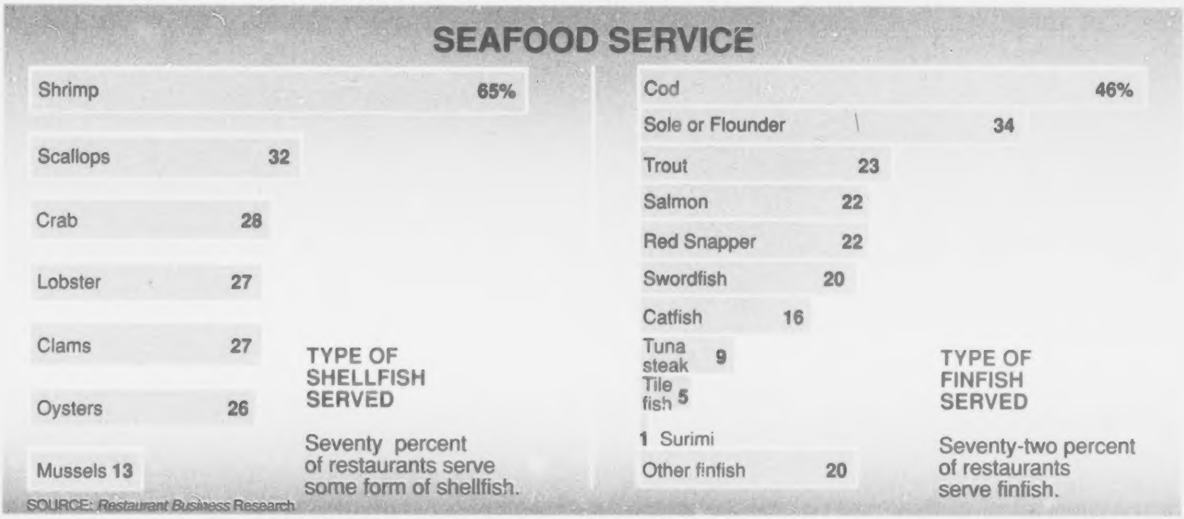

SOURCE: *Restaurant Business* Research

and mid-Atlantic states, serve seafood and certified Angus beef at an average check of about $14. Sales break down to about 60% seafood, 40% beef, according to Anderson.

Emphasis is increasingly on grilled fish, says Anderson, with current favorites being salmon, red snapper, trout, and haddock. Fresh seafood is listed on the menu daily using a computer printout.

Rusty Scuppers feature dramatic architecture, lots of windows, and nautical artifacts.

The five Parker's Lighthouses are each located on the waterfront. Expansion is slow because of a dearth of attractive waterfront locations. One unit will open this year; others are located in Long Beach and Newport Beach, CA, Tampa and West Palm Beach, FL, and Brooklyn, NY. The Parker's Lighthouse menu is almost exclusively composed of seafood.

Seafood for each restaurant is brought in fresh daily through suppliers in each city. When less familiar species are offered, servers are briefed on specifics such as taste and texture so they can pass the information on to the customers.

Red Lobster served over 60 million lb. of seafood last year.

L & N Seafood Grills is an important part of the specialty restaurant division of Mobile, AL-based Morrison's Inc., says senior vice president Richard McGeoch.

Morrison's operates 110 specialty restaurants in addition to its 169 family dining restaurants, most of which are cafeterias. Of the 110 specialty restaurants the majority are Ruby Tuesday's, a fern bar concept offering hamburger, chicken, and pasta dishes. Only 21 are L & N Seafood Grills, but the Grills contribute a hefty $2.2 million each to company coffers, says McGeoch.

L & N's menu ranges in price from $5.95 to $10.95, with selections being sautéed, mesquite-grilled, and fried. The concept is built around a completely fresh menu, with nothing frozen. Local seafood is used; fish that can't be found locally are air-freighted in.

The restaurants attract a fairly sophisticated clientele, says McGeoch. "In the Southeast, there are a lot of less expensive places to go for seafood," he notes.

Seafood restaurants abound in Florida, with the emphasis on serving local favorites. One of those local favorites is stone crab, the specialty served at The Crab House and Captain Crab's Take-Away restaurants.

There are five fast-food-style Take-

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Away units open, and six full-service Crab Houses, according to vice president of operations Gary Scharps. All the units are located in Florida except two Crab Houses in Atlanta.

The company's systemwide sales were expected to top $22 million by the end of fiscal 1989 on August 28.

The restaurants are casual, with a rustic atmosphere and newspapers spread on tables where customers can crack their own crabs. The Crab Houses serve a wide variety of seafood in addition to stone crabs.

LAND-LOCKED. Among inland seafood restaurants that have managed to earn staunch followings is Atlanta's Fish Market, part of the Buckhead Life Restaurant Group.

The 7,000-sq.-ft. Fish Market, located in the Lennox Square mall, specializes in seafood prepared in a continental style. Appetizers include Savannah lump crab; smoked baby trout with spiced cream, capers, onion, and lemon; blackened snapper cheeks with chili hollandaise; soft-shell crabs with almonds and brown butter; and lump crab with spinach, feta cheese, and lobster sauce.

Fresh fish selections range from imported Dover sole to baked scamp fillet stuffed with a spicy filling of lump crab and glazed with champagne. An unusual selection is Three Fillets Epicure, consisting of swordfish *au poivre*, salmon julienne, and red snapper with wild mushrooms, served with three sauces. Price range is from $12.75 for boneless trout to $22.75 for a fish and shellfish combination.

The Fish Market is the second restaurant developed within the Buckhead Life Restaurant Group, headed by Pano Karatassos. The other restaurants are Pano's & Paul's, Capriccio Ristorante, and Buckhead Diner.

Every day 750 lb. to 1,000 lb. of fish for the five restaurants is delivered and cut at The Fish Market. The buyer of the fish for Buckhead Life restaurants is Karatassos, who each morning either calls or goes to his suppliers and places orders. The executive chef and the head butcher meticulously check deliveries to insure that the selected fish are there.

The restaurant's decor is elegantly casual, with large domed skylights, marble walls, and antique accessories.

Allston, MA-based Legal Sea Foods is now in the business of delivering seafood all over the country via overnight express services.

At press time, Buckhead Life Restaurant Group was in the process of opening a sixth restaurant called Chops, specializing in steak and seafood.

QUICK-SERVICE SEAFOOD. While full-service seafood restaurants have reported few problems with supplies of favored fish, fast-food operators are in a far more vulnerable position because of their dependence on a single species—cod.

By far the largest fast-food chain specializing in seafood is Lexington, KY-based Long John Silver's Seafood Shoppes, a division of Jerrico Inc. Long John Silver's story is illustrative of the problems inherent in dependence on a single species.

With 1,469 Seafood Shoppes, Long John Silver's is the major purchaser of cod fillets in the United States. The company buys approximately 50 million lb., or about one-third of the frozen cod fillets sold in the country on an annual basis.

When world supplies of cod shrank in mid-1986, at a time when consumption was rising and the dollar had lost value against other world currencies (reducing the purchasing power of the U.S. dollar against the currencies of other fish-buying countries), Long John Silver's was caught unprepared.

In late 1986, Long John Silver's shifted promotions away from batter-fried fish to other products, because suppliers said they couldn't meet scheduled delivery dates.

At the same time, some 200 franchised shops that dealt with other suppliers were cut off completely, and headquarters supplied them to keep them in business.

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The cost of cod fillets soared from $1.60 and $1.70 a pound in early 1986 to $2.30 a pound in mid-1987, cutting deeply into profits.

In 1986, Long John Silver's was hard-hit with the recognition that dependency on North Atlantic cod must be reduced. Management started seeking out new cod resources as well as investigating alternative fish species.

The strategy is bearing fruit this year; the company started fiscal 1989 with cod costs averaging $1.80 or less a pound, and with a cod stockpile of 6 million lb.

As recently as fiscal 1987, all of Long John Silver's fish came from Iceland and Canada. Now, new Canadian suppliers have been added, with Norway, Sweden, and Alaska seen as promising sources.

At the same time, alternative species are taking on more importance. The company's Crispy Breaded Fish, introduced late in 1987, makes use of South American whiting processed in Uruguay. Antarctic whiting from Chile is viewed as a high-quality substitute for cod in the preparation of batter-fried fish.

Finally, the introduction of a broiled section earlier this year helped reduce dependence on cod by utilizing halibut, flounder, salmon, and chicken.

The result of all this effort is that operating margins were increased by 2% in fiscal 1989, making it possible to once again promote batter-fried fish. In addition, lower costs produced some $12 million in operating profits for company-operated shops.

Long John Silver's are scattered nationwide, with the greatest number in the Midwest and Texas. Expansion plans call for some 2,000 units, company-owned and franchised, by fiscal 1993.

Captain D's, with almost 600 units in a 24-state area, is another of the major fast-food purveyors of seafood. Executives of the Nashville-based Shoney's subsidiary declined to be interviewed, but according to Shoney's annual report, Captain D's sales are also on the upswing and profit margins are seen to be improving.

Restaurants use daily specials to take advantage of price breaks.

Pepper Pike, OH-based Stouffer Restaurant Co.'s Rusty Scuppers feature dramatic architecture, lots of windows, and nautical artifacts.

PHOTOGRAPH BY TOM BARR

In fiscal 1988, revenues for Captain D's 343 company-owned stores surpassed $216 million, up 8% over the previous year. Average unit volumes reached $630,000, which the annual report claims is the highest of any major fast-seafood chain.

Profit margins at Captain D's were also affected by the price of codfish, up during the first part of the year but dropping as codfish supplies began to expand.

Shoney's has stated its intention to place greater emphasis on franchising, and that emphasis will carry through to Captain D's expansion. Current plans are to emphasize franchise development in the Midwest, although opportunities are available nationwide.

THE FUTURE. Despite the drop in seafood consumption, operators in the seafood segment are optimistic. They are taking steps to counteract negative publicity about seafood safety, and experimenting with different species.

Seafood restaurants will undoubtedly continue to benefit from the public's increased interest in healthy foods. Besides being lower in calories than beef, some seafood offers unusual health benefits. For example, clam shells contain a substance reported to reduce serum cholesterol, and clams have far less cholesterol than most chicken products.

"I think that the future is somewhat predictable," says Red Lobster's Monroe. "People are eating more seafood away from home, and the market will continue to grow. The challenge is to assure that the quality is what the customer expects." ◼